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23 Attorneys for Plaintiffs

24 SUPERIOR COURT OF THE STATE OF CALIFORNIA

25 COUNTY OF LOS ANGELES **BC 508727**

26 MARCIA BAKER, an individual;
27 DENISE BURNS, an individual;
28 JUANITA CRAIG, an individual;
MICHAEL CRAIG, an individual;
JULIA CRINGLE, an individual;
CAROL FROST, an individual;
DWIGHT REEP, an individual; and
ROBERTO VELASQUEZ, an individual,

Plaintiffs,

v.

PLATINUM LAW GROUP, INC., a
corporation;
MODERN MEDIA SERVICES, INC., a
corporation;
PLATINUM LAW CENTER, A
PROFESSIONAL CORPORATION, a
professional corporation;
HLM CONSULTING, INC., a corporation;
PRIORITY REALTY GROUP, INC., a
corporation;
PRIORITY FINANCIAL GROUP, a
proprietorship;

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ORIGINAL FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES

MAY 13 2013

John A. Clark, Executive Officer/Clerk

BY Isaylia Chambers Deputy

Case No.:

COMPLAINT FOR:

- (1) UNFAIR COMPETITION
- (2) BREACH OF CONTRACT
- (3) BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING
- (4) BREACH OF FIDUCIARY DUTY
- (5) FRAUD — MISREPRESENTATION
- (6) CONSTRUCTIVE FRAUD
- (7) FALSE ADVERTISING
- (8) VIOLATION OF CIVIL CODE § 2944.7
- (9) VIOLATION OF MORTGAGE FORECLOSURE CONSULTANTS ACT
- (10) FINANCIAL ABUSE OF AN ELDER
- (11) VIOLATION OF THE CONSUMER LEGAL REMEDIES ACT

DEMAND FOR JURY TRIAL

PRIORITY MORTGAGE GROUP, INC., a
corporation;
LABREA GROUP LLC, a limited liability
company;
BALDWIN PROPERTY PARTNERS LLC, a
limited liability company;
DIANA AMBRIZ, an individual;
DANIEL ARDON, an individual;
JOHN DE LA GARZA, an individual;
DAVID GOMEZ, an individual;
RAUDEL GUERRERO, an individual;
PAUL HERNANDEZ, an individual;
JAY JACKSON, an individual;
JEFF MARKLEIN, an individual;
CHARLIE MELENDEZ, an individual;
MICHAEL MORGA, an individual;
JOHN ROMERO, an individual;
JERRY STEVENSON, an individual;
MARTHA TAPIA, an individual; and
DOES 1 through 99, inclusive,

Defendants.

Plaintiffs Marcia Baker, Denise Burns, Juanita Craig, Michael Craig, Julia Cringle, Carol Frost, Dwight Reep, and Roberto Velasquez, for their Complaint herein allege as follows:

INTRODUCTION

1. The claims in this action arise out of an unlawful conspiracy among related entities and individuals to scam homeowners who desperately need to refinance and modify their existing home mortgages. Over the past several years, Defendants have engaged in a wide-ranging scheme to defraud homeowners, including Plaintiffs and countless others, by falsely promising to perform loan modification and other services, illegally charging thousands of dollars in up-front fees expressly forbidden by statute, fraudulently guaranteeing successful results backed by full money-back guarantees, and failing to provide any loan modification services or issue agreed-upon refunds.

2. The findings of fact in the Order of Disbarment and Restitution attached hereto as Exhibit A (the “Order”) are representative of the pattern of unlawful conduct by Defendants. As established in the Order, Defendant Stevenson, working with other corporate and individual Defendants in this action, forwarded to homeowners in positions similar to Plaintiffs unsolicited misleading mail ads to re-structure their loans, collected advance fees for the purported services in direct violation of California statutory law, and then “failed to perform any services of value” (*id.* at 8) for the customers. Defendants “committed virtually identical and serious misconduct” with respect to numerous complainants, including “repeated deliberate misrepresentations” as part of “multiple instances of serious misconduct.” (*Id.* at 12.) Further, as found in the Order, the pattern of illegal conduct subject to the Order was the same pattern of misconduct that Defendants earlier had perpetrated against yet other consumers and that had been the subject of earlier disciplinary proceedings by the California State Bar. (*Id.* at 11-12.) Notwithstanding the earlier violations and legal proceedings, the Order finds, Defendants continued to engage in the same pattern of misconduct, and additional homeowners “were seriously harmed.” (*Id.* at 12.) The Order concludes as follows: “All of the clients hired [Defendants] to assist them with their loan modifications and were already in financial distress. The clients received no appreciable or useable services and were deprived of the use of desperately needed funds. The client matters were significantly delayed resulting in actual harm to each client.” (*Id.*) The Plaintiffs in this action

1 represent an additional group of homeowners defrauded and seriously injured by Defendants as a
2 result of an illegal conspiracy that twice before was the subject of disciplinary proceedings with
3 respect to other homeowners.

4 3. During the recent economic recession, faced with bleak home and job markets,
5 homeowners throughout the country, and especially in California, found themselves overextended,
6 struggling to pay their mortgages, and financially trapped in their homes. These harsh economic
7 conditions created an opportunity for those willing to take advantage of desperate homeowners by
8 fraudulently promising to obtain loan modifications. Preying on Plaintiffs' few remaining hopes,
9 Defendants used deceptive and misleading marketing tactics to lure Plaintiffs into sham contracts
10 under which Plaintiffs paid thousands of dollars in illegal up-front fees for loan modification
11 services. Simultaneously, Defendants often advised Plaintiffs to stop paying their mortgages and to
12 stop communicating with their mortgage providers, claiming this would accelerate and facilitate the
13 loan modification process.

14 4. Defendants, however, never performed or intended to perform the promised loan
15 modification services. Instead, Defendants only worsened Plaintiffs' already precarious
16 circumstances, bringing them closer to foreclosure when they followed Defendants' advice to not
17 pay or contact their lenders for months while Defendants supposedly were working to secure their
18 loan modifications. After weeks or months with no communication from Defendants, many
19 Plaintiffs attempted to contact Defendants for a status update or refund, but their calls, emails, and
20 letters were ignored or they were shuffled among unhelpful employees.

21 5. As complaints about Defendants to state agencies, the Better Business Bureau, and
22 over the Internet mounted, Defendants simply formed new businesses to continue perpetrating their
23 scheme on new, unsuspecting clients under the guise of new corporate identities.

24 6. Defendants' activities have defrauded and damaged Plaintiffs and other homeowners
25 in numerous ways. Not only did Plaintiffs lose thousands of dollars directly to Defendants, but
26 many paid late fees and financial penalties, went into foreclosure, and/or suffered other damages,
27 including emotional and financial stress.

7. Resolving to stop Defendants from engaging in the same or other similar schemes, Plaintiffs come before the Court to request injunctive, monetary, and other appropriate relief. By this action, Plaintiffs seek to enjoin Defendants from these deceptive and predatory practices. Plaintiffs also seek to recover damages in an amount to be proven at trial, together with pre-judgment interest at the statutory rate, as well as other applicable actual and consequential damages. Finally, Plaintiffs seek punitive damages to discourage Defendants and others from engaging in similar schemes, and any other relief the Court deems just and appropriate, including appropriate attorneys' fees and costs.

JURISDICTION AND VENUE

8. This Court has subject matter jurisdiction over all causes of action alleged in this Complaint pursuant to the California Constitution, Article VI, § 10, and Code of Civil Procedure Section 410.10, and is a Court of competent jurisdiction to grant the relief requested herein.

9. Each of the Defendants did substantial business in, resides in, or has its principal place of business in the State of California and, to the extent Defendants are incorporated, they are incorporated in California.

10. Venue is proper in this Court pursuant to Code of Civil Procedure Section 395(a) because, on information and belief, the Defendants, or some of them, are located in Los Angeles County.

PARTIES

11. Plaintiff Marcia Baker is an individual with a primary place of residence in Hayward, California. Ms. Baker hired Defendant Platinum Law Group to perform home loan modification services.

12. Plaintiff Denise Burns is an individual with a primary place of residence in El Dorado Hills, California. Ms. Burns hired Defendant Platinum Law Group to perform home loan modification services.

13. Plaintiffs Juanita Craig and Michael Craig are individuals with a primary place of residence in Clovis, California. Mr. and Mrs. Craig hired Defendant Platinum Law Group to perform home loan modification services.

1 14. Plaintiff Julia Cringle is an individual with a primary place of residence in
2 McKinleyville, California. Ms. Cringle hired Defendant Platinum Law Group to perform home
3 loan modification services.

4 15. Plaintiff Carol Frost is an individual with a primary place of residence in Simi
5 Valley, California. Ms. Frost hired Defendant Priority Realty Group to perform home loan
6 modification services.

7 16. Plaintiff Dwight Reep is an individual with a primary place of residence in Rancho
8 Cucamonga, California. Mr. Reep hired Defendant Priority Financial Group to perform home loan
9 modification services.

10 17. Plaintiff Roberto Velasquez is an individual with a primary place of residence in
11 Downey, California. Mr. Velasquez hired Defendant Platinum Law Group to perform home loan
12 modification services.

13 18. The plaintiffs referred to in paragraphs 11 through 17 above may be referred to
14 collectively in this Complaint as "Plaintiffs."

15 19. On information and belief, Defendant Platinum Law Group, Inc. is a California
16 corporation with its principal place of business in Beverly Hills, California. Defendant Platinum
17 Law Group, Inc. purports to offer loan modification assistance and other financial advising and
18 counseling services.

19 20. On information and belief, in or about March 2012, Platinum Law Group, Inc.
20 changed its name to Modern Media Services, Inc., a suspended California corporation with its
21 principal place of business in Montebello, California.

22 21. On information and belief, Defendant Platinum Law Center, A Professional
23 Corporation, is a California professional corporation with its principal place of business in San
24 Diego, California. Defendant Platinum Law Center, A Professional Corporation, purports to offer
25 loan modification assistance and other financial advising and counseling services.

26 22. On information and belief, in or about November 2011, Defendant Platinum Law
27 Center, A Professional Corporation, changed its name to HLM Consulting, Inc., a California
28 corporation with its principal place of business in San Diego, California. Defendant HLM

1 Consulting, Inc. purports to offer loan modification assistance and other financial advising and
2 counseling services. On information and belief, Defendant HLM Consulting, Inc. and Defendant
3 Platinum Law Group, Inc. have used the same business locations, for example, 750 B Street, 33rd
4 Floor, San Diego, CA 92101 and 9595 Wilshire Blvd., Suite 900, Los Angeles, CA 90212.

5 23. The defendants identified in paragraphs 19 through 22 above may be referred to
6 collectively in this Complaint as “Platinum Law Group.” On information and belief, Defendant
7 Platinum Law Group has conducted business out of multiple locations, including: 9595 Wilshire
8 Avenue, Suite 900, Beverly Hills, CA 90212; 750 B Street, Suite 3300, San Diego, CA 92101; 7710
9 Hazard Drive, Suite E540, San Diego, CA 92108; 457 West Allen Avenue, Suite 114, San Dimas,
10 CA 91773; and 483 West Washington Boulevard, Montebello, CA 90670.

11 24. On information and belief, Defendant Priority Realty Group, Inc. is a suspended
12 California corporation with its principal place of business in Beverly Hills, California. Defendant
13 Priority Realty Group, Inc. purports to offer loan modification assistance and other financial
14 advising and counseling services. On information and belief, Defendant Priority Realty Group, Inc.
15 was previously licensed by the California Department of Real Estate, but that license was
16 surrendered in March 2012.

17 25. On information and belief, Defendant Priority Mortgage Group, Inc. is a suspended
18 California corporation with its principal place of business at 457 West Allen Avenue, Suite 114, San
19 Dimas, CA 91773. Defendant Priority Mortgage Group, Inc. purports to offer loan modification
20 assistance and other financial advising and counseling services.

21 26. On information and belief, Defendants Priority Realty Group, Inc. and Priority
22 Mortgage Group, Inc., do business as Priority Financial Group, a proprietorship owned by
23 Defendant Gomez. Priority Financial Group’s principal place of business is in San Dimas,
24 California. Defendant Priority Financial Group purports to offer loan modification assistance and
25 other financial advising and counseling services.

26 27. The defendants identified in paragraphs 24 through 26 above may be referred to
27 collectively in this Complaint as “Priority Realty Group.” On information and belief, Defendant
28 Priority Realty Group has conducted business out of multiple locations, including: 457 West Allen

1 Avenue, Suite 114, San Dimas, CA 91773; and 9595 Wilshire Boulevard, Suite 900, Beverly Hills,
2 CA 90212.

3 28. On information and belief, Defendant LaBrea Group LLC is a California limited
4 liability corporation with its principal place of business in Los Angeles, California. On information
5 and belief, Defendant LaBrea Group LLC changed its name to Baldwin Property Partners LLC, a
6 California limited liability corporation with its principal place of business in Los Angeles,
7 California. Defendants LaBrea Group LLC and Baldwin Property Partners LLC may be referred to
8 collectively in this Complaint as “LaBrea Group.” On information and belief, Defendants Platinum
9 Law Group and Priority Realty Group each accept payments from homeowners through Defendant
10 LaBrea Group.

11 29. On information and belief, Defendant Stevenson is the owner, and Defendant Gomez
12 the operator, of a business bank account, entitled “La Brea Group,” into which fees from
13 Defendants’ loan modification clients were deposited. (*See, e.g.*, Order at 8, ¶ 16.)

14 30. On information and belief, neither Defendant LaBrea Group LLC nor Defendant
15 Baldwin Property Partners LLC is currently registered with the California Secretary of State to do
16 business within California.

17 31. The defendants identified in paragraphs 19 through 30 above may be referred to
18 collectively in this Complaint as the “Entity Defendants.”

19 32. On information and belief, Defendant Diana Ambriz is an individual with a primary
20 place of residence in California. On information and belief, Defendant Ambriz served as an owner,
21 director, officer, manager, employee, and/or agent of Defendant Platinum Law Group.

22 33. On information and belief, Defendant Daniel Ardon is an individual with a primary
23 place of residence in California. On information and belief, Defendant Ardon served as an owner,
24 director, officer, manager, employee, and/or agent of Defendant Platinum Law Group.

25 34. On information and belief, Defendant John De La Garza is an individual with a
26 primary place of residence in California. On information and belief, Defendant De La Garza is an
27 owner, director, officer, manager, employee, and/or agent of Defendant Platinum Law Group.

1 35. On information and belief, Defendant David Gomez is an individual with a primary
2 place of residence in California. On information and belief, Defendant Gomez is an owner,
3 director, officer, manager, employee, and/or agent of Defendants Platinum Law Group, Priority
4 Realty Group, and LaBrea Group; has been listed as the registered agent for Defendants Platinum
5 Law Group, HLM Consulting, and Priority Realty Group; and is listed as the “Operations Manager”
6 for Defendant Platinum Law Group. On information and belief, Defendant Gomez was previously
7 licensed as a real estate broker by the California Department of Real Estate, but he surrendered his
8 license in March 2012. On information and belief, Defendant Gomez has also been listed as Agent
9 for Service of Process for HLM Consulting, Inc.

10 36. On information and belief, Defendant Raudel Guerrero is an individual with a
11 primary place of residence in California. On information and belief, Defendant Guerrero is an
12 owner, director, officer, manager, employee, and/or agent of Defendants Platinum Law Group and
13 Priority Realty Group.

14 37. On information and belief, Defendant Paul Hernandez is an individual with a
15 primary place of residence in California. On information and belief, Defendant Hernandez is an
16 owner, director, officer, manager, employee, and/or agent of Defendant Platinum Law Group.

17 38. On information and belief, Defendant Jay Jackson is an individual with a primary
18 place of residence in California. On information and belief, Defendant Jackson is an owner,
19 director, officer, manager, employee, and/or agent of Defendant Platinum Law Group.

20 39. On information and belief, Defendant Jeff Marklein is an individual with a primary
21 place of residence in California. On information and belief, Defendant Marklein is an owner,
22 director, officer, manager, employee, and/or agent of Defendant Platinum Law Group.

23 40. On information and belief, Defendant Charlie Melendez is an individual with a
24 primary place of residence in California. On information and belief, Defendant Melendez is an
25 owner, director, officer, manager, employee, and/or agent of Defendant Platinum Law Group.

26 41. On information and belief, Defendant Michael Morga is an individual with a primary
27 place of residence in California. On information and belief, Defendant Morga is an owner, director,
28 officer, manager, employee, and/or agent of Defendant Platinum Law Group.

1 42. On information and belief, Defendant John Romero is an individual with a primary
2 place of residence in California. On information and belief, Defendant Romero is an owner,
3 director, officer, manager, employee, and/or agent of Defendant Platinum Law Group.

4 43. On information and belief, Defendant Jerry Stevenson is an individual with a
5 primary place of residence in California. On information and belief, Defendant Stevenson is an
6 owner, director, officer, manager, employee, and/or agent of Defendant Platinum Law Group.
7 Defendant Stevenson is a California attorney (State Bar No. 262798) who has been the subject of
8 two state bar disciplinary actions related to his loan modification practice at Platinum Law Group
9 beginning in 2010. Defendant Stevenson has been disbarred by order of the State Bar Court. (*See*
10 Order.) Effective December 21, 2012, he was placed on involuntary inactive status pending the
11 California Supreme Court's final approval of the stipulation and disbarment order.¹

12 44. As part of the disposition of both state bar cases against Defendant Stevenson, he
13 admitted to the underlying facts and his culpability for violations of the Rules of Professional
14 Conduct and the Business and Professions Code surrounding the loan modification scheme
15 conducted by Platinum Law Group and certain related entities. The client matters recounted in the
16 state bar actions involved the same pattern of events as those described herein — from the
17 solicitation phase to Defendants' failures to perform services, remain in contact with clients, and
18 provide refunds of illegally-collected upfront fees when no loan modifications were obtained. The
19 stipulation in Case Nos. 12-O-10807, *et. al.*, resulting in Defendant Stevenson's disbarment,
20 involved ten of Platinum Law Group's loan modification clients and provided: "Respondent
21 [Stevenson] designed and managed his law practice to process each client matter in a virtually
22 identical manner and repeated deliberate misrepresentations to each client. The repeated facts in
23 each matter establish multiple instances of serious misconduct. The numerous cases demonstrate

24
25 _____
26 ¹ *Id.*; see also State Bar Court of California, Stipulation and Order in *In the Matter of Jerry Alonzo*
27 *Stevenson*, Case Nos. 11-O-14670, *et. al.*, filed March 15, 2012, *available at*
28 <http://members.calbar.ca.gov/courtDocs/11-O-14670.pdf> (last visited Mar. 25, 2013) (effective
Aug. 18, 2012, ordering Defendant Stevenson to six-month actual suspension, two-year stayed
suspension and three-year probation for loan modification services virtually identical to those
performed for Plaintiffs).

1 intent to repeatedly and willfully not communicate with the clients and perform the services.”

2 (Order at 13.)

3 45. Under the stipulation entered in Case Nos. 11-O-14670, *et. al.*, involving three of
4 Platinum Law Group’s loan modification clients, Defendant Stevenson admitted to facts
5 establishing that Defendants Romero, Hernandez, and Ardon were non-attorney representatives of
6 Platinum Law Group during the relevant time periods in this Complaint.

7 46. Under the stipulation entered in Case Nos. 12-O-10807, *et. al.*, Defendant Stevenson
8 admitted to facts establishing that Defendant Gomez was his business partner and office manager
9 and shared the illegal upfront fees collected from the firm’s loan modification clients. The
10 stipulation provides: “Respondent [Stevenson] delegated to Gomez operations of Respondent’s law
11 firms, which included, but was not limited to, signing Respondent’s name on legal documents with
12 a signature stamp bearing Respondent’s printed signature; accepting and promising legal services to
13 clients in their legal cases; providing legal advice; supervising non-attorney staff who were also
14 giving legal advice; and depositing client fees into joint accounts owned by Gomez and Respondent
15 for the purpose of sharing legal fees from the law practices.” (*Id.* at 8, ¶ 17.)

16 47. Further, Defendant Stevenson admits to facts establishing that his partnership with
17 Defendant Gomez continued throughout at least November 2012, when the stipulation in Case Nos.
18 12-O-10807, *et. al.*, was executed by the parties. The stipulation provides: “Despite knowledge of
19 the numerous complaints described above from all the clients, and despite his execution of a
20 stipulation on February 28, 2012 regarding essentially identical misconduct as described herein, to
21 date Respondent has continued all the described activities and associations with Gomez; failed to
22 terminate his relationship with Gomez; and failed to supervise Gomez’s activities.” (*Id.* at 9, ¶ 24.)

23 48. On information and belief, Defendant Martha Tapia is an individual with a primary
24 place of residence in California. On information and belief, Defendant Tapia is an owner, director,
25 officer, manager, employee, and/or agent of Defendant Priority Realty Group.

26 49. The defendants identified in paragraphs 32 through 48 above may be referred to
27 collectively in this Complaint as the “Individual Defendants.”
28

1 50. The true names and capacities, whether individual, corporate, associate, or otherwise,
2 of defendants sued herein as DOES 1 through 99, inclusive, presently are unknown to Plaintiffs,
3 who therefore sue these defendants by fictitious names. Plaintiffs will seek leave to amend this
4 Complaint to allege the true names of DOES 1 through 99 when the same have been ascertained.
5 On information and belief, each of the fictitiously named defendants participated in some or all of
6 the acts alleged herein.

7 51. The Entity Defendants, the Individual Defendants, and DOES 1 through 99 may be
8 referred to collectively in this Complaint as the “Defendants.”

9 52. During all relevant times, each of the Defendants was engaged in business activities
10 in the State of California, offering loan modification services to Plaintiffs and other consumers.

11 53. On information and belief, during all relevant times, except as alleged in paragraphs
12 24 and 35 above, no Defendant has been licensed by the California Department of Real Estate.

13 54. At all relevant times, each of the Defendants acted as the principal, agent,
14 representative, co-conspirator with, aider and abettor, or joint venturer of the other Defendants with
15 respect to the acts, violations, and course of conduct alleged herein. In their alleged actions, each
16 Defendant was acting within the course and scope of the agency relationship with other Defendants,
17 with the permission and ratification of the other Defendants, and/or in furtherance of the
18 Defendants’ common scheme with knowledge thereof. Defendants, and each of them, are jointly
19 and severally liable for the acts and omissions of the other Defendants.

20 55. Whenever reference is made in this Complaint to an act of any Defendant, such
21 allegation shall mean that such Defendant did the alleged act personally or through Defendants’
22 officers, directors, employees, agents and/or representatives acting within the actual or ostensible
23 scope of their authority.

24 56. On information and belief, as alleged herein, the Entity Defendants are companies
25 owned and dominated by a recurring and overlapping set of Individual Defendants, have shared the
26 same principal places of business and employees, and have concealed the identity of their
27 ownership by doing business under ever-changing aliases and using the addresses for each entity
28 interchangeably. On information and belief, the Individual Defendants also created and maintained

1 the Entity Defendants as “sham” corporations for the purpose of shielding themselves against
2 personal liability and for the purpose of defrauding Plaintiffs and other homeowners in the state of
3 California seeking to obtain loan modification services. Thus, recognition of the Entity Defendants
4 as distinct and separate from their ownership and from each other would lead to inequitable results.

5 **OVERVIEW OF DEFENDANTS’ SCHEME**

6 57. The scheme Defendants employed to defraud Plaintiffs and other homeowners
7 operates as follows. First, they create a corporate entity claiming to provide loan modification
8 services. Then, they aggressively and misleadingly market the entity’s services. Next, they
9 guarantee loan modifications and/or foreclosure avoidance, enter into written contracts designed to
10 disguise the fraud, and require clients to pay thousands of dollars in illegal up-front fees.
11 Defendants thereafter perform few or no services, thereby ensuring that no loan modification would
12 be obtained, avoid communications with clients, and refuse to issue refunds. Lastly, Defendants
13 create a different corporate entity or change existing entities’ names once the current scheme is
14 revealed in order to attempt to continue their fraudulent loan modification practices.

15 58. The Individual Defendants created numerous corporate entities to operate their loan
16 modification scheme, including: Platinum Law Group, Inc.; Modern Media Services, Inc.; Platinum
17 Law Center, A Professional Corporation; HLM Consulting, Inc.; Priority Realty Group, Inc.;
18 Priority Financial Group; Priority Mortgage Group, Inc.; LaBrea Group LLC; and Baldwin Property
19 Partners LLC. (*See, e.g.*, without limitation, Order at 6.)

20 59. With their true fraudulent intentions masked behind a corporate veil, Defendants
21 used an aggressive and misleading marketing campaign to lure potential victims, including
22 Plaintiffs, into written contracts. The marketing campaign typically begins when Defendants send
23 unsolicited printed flyers falsely suggesting an affiliation with a mortgage lender such as Bank of
24 America, JPMorgan Chase, or Wells Fargo to prospective victims. Defendants’ flyers frequently
25 promise that the victim will receive a mortgage payment reduction from his or her lender if he or
26 she calls a designated toll-free number. (*See, e.g.*, without limitation, *id.* at 6-7.)

27 60. In truth, Defendants lack any affiliation with mortgage lenders and statements in the
28 flyers suggesting an affiliation are misleading. When victims call the toll-free number listed in the

1 flyer, they reach one of Defendants' representatives, who informs the victim that he or she is
2 eligible for a loan modification. Defendants then lure victims further into their scheme by claiming
3 high success rates and promising quick, guaranteed results. At various times, Defendants claimed
4 (i) they have "over 90%" success rates in securing loan modifications for their clients, (ii) were
5 affiliated with mortgage lenders or the government, and/or (iii) that their "team of lawyers" would
6 aggressively negotiate with lenders on Plaintiffs' behalf. (*See, e.g.,* without limitation, *id.*)

7 61. When the victim expresses interest in retaining Defendants' services, Defendants
8 demand an illegal up-front payment, typically in the form of automatic withdrawals from the
9 victim's checking account through a voided, blank check, or via a credit or debit card, before they
10 would begin providing any services. These up-front fees ranged from \$1,500 to \$3,690. The victim
11 is promised, either verbally or subsequently in writing, that he or she will receive a refund if the
12 Defendant is not able to secure a loan modification for the homeowner. (*See, e.g.,* without
13 limitation, *id.* at 7-8.)

14 62. Defendants successfully used these false promises and false guarantees to convince
15 Plaintiffs and other homeowners to enter into written contracts for Defendants' services.
16 Defendants sent contracts to Plaintiffs, asking them to sign and return a copy while promising to
17 return a countersigned copy, which Defendants rarely, if ever, did. Defendants also sent Plaintiffs
18 "Third Party Authorization" forms authorizing Defendants to communicate with the Plaintiffs'
19 respective lenders to negotiate a loan modification. These documents also were rarely, if ever,
20 countersigned and returned to Plaintiffs. Though there are strict legal requirements as to both the
21 appearance and substantive terms of such agreements, the contracts signed by Plaintiffs fail to meet
22 these statutory requirements. These contracts also contain other unlawful, unconscionable, and
23 unenforceable terms.

24 63. Defendants informed Plaintiffs, usually verbally, that they would file an application
25 for a loan modification on their behalf and would receive a quick response, frequently within "a few
26 months." (*See, e.g.,* without limitation, *id.* at 8.) Defendants also told some Plaintiffs that they need
27 not contact their respective lenders at all during this period, as the Defendants would handle the
28 entire negotiation for them.

1 64. During the period when Defendants are supposed to be negotiating with Plaintiffs’
2 lenders, Defendants instructed Plaintiffs to stop making mortgage payments, as that would render
3 them more likely to receive a modification. Relying on this advice, some of the Plaintiffs, even
4 those who had diligently paid their mortgages to that point, stopped making mortgage payments in
5 the hope it would help Defendants negotiate a loan modification for them.

6 65. After illegally demanding and taking Plaintiffs’ up-front payments, Defendants
7 became increasingly difficult to reach. Plaintiffs frequently waited for months without hearing any
8 word from either Defendants or their lenders as to whether they have received a loan modification.
9 Plaintiffs’ phone calls to Defendants often were either sent to voicemail accounts that were full and
10 could not accept more messages or Defendants’ phones rang endlessly with no answer. The few
11 Plaintiffs who did make contact were often shuffled between Defendants’ employees, assigned new
12 case managers who needed time to “familiarize” themselves with the case before they could provide
13 a report, or were falsely told that someone would contact them shortly. (*See, e.g.*, without
14 limitation, *id.* at 8-9.)

15 66. During that time, Defendants took little to no action with Plaintiffs’ lenders. In some
16 instances, Defendants made perfunctory submissions to the lender, or merely placed a phone call.
17 Defendants also falsely informed some of the Plaintiffs that their loans were modified, when in fact
18 they were not. While Defendants may have sporadically contacted lenders for some of the
19 Plaintiffs, Defendants did not take actions meaningfully to assist Plaintiffs, nor did they ever intend
20 to do so. (*See, e.g.*, without limitation, *id.* at 8.)

21 67. By the time Plaintiffs realized that the services for which they paid were not being
22 performed, Defendants were not to be found. Many Plaintiffs sought the promised refund of their
23 money because no loan modification had been obtained, but Defendants never provided it. (*See,*
24 *e.g.*, without limitation, *id.* at 9.)

25 68. As numerous victims realized Defendants had scammed them for thousands of
26 dollars, they reported Defendants to various state agencies, the state bar and local Better Business
27 Bureaus, and posted Internet warnings to alert others about the scam. Once Defendants’ entities
28

1 were correctly identified as scam organizations, Defendants began using new business names, such
2 as Modern Media Services, Inc., and HLM Consulting, Inc.

3 69. At the helm of each of Defendants' discarded and new businesses were the
4 Individual Defendants. On information and belief, the Individual Defendants were the founders,
5 partners, officers, owners, principal employees and/or agents of each of the Entity Defendants, and
6 they exercised control over the operations of the Entity Defendants.

7 70. On information and belief, as alleged more fully herein, including, without
8 limitation, paragraph 56 above, the Defendants failed to observe corporate formalities, and the
9 Individual Defendants used the Entity Defendants as mere instrumentalities to conduct their
10 fraudulent scheme. Unless the Defendants are enjoined and prevented from creating new entities,
11 Defendants undoubtedly will continue to engage in these illegal and harmful activities and seriously
12 harm even more homeowners.

13 71. The acts and omissions of the Defendants alleged herein were wrongfully concealed
14 and carried out in a manner that precluded detection in the exercise of reasonable diligence.

15 72. Defendants' conduct alleged herein was oppressive, fraudulent, and malicious, and
16 Plaintiffs seek compensation for the substantial harm caused to them by Defendants' wrongful
17 conduct, along with punitive damages and other relief.

18 **ILLEGAL CONDUCT DIRECTED AGAINST PLAINTIFFS**

19 **Marcia Baker**

20 73. Marcia Baker owns and lives in a home located in Hayward, California and has a
21 mortgage on the property.

22 74. In the summer of 2011, Ms. Baker received an unsolicited advertisement in the mail
23 from Platinum Law Group offering loan modification services. Ms. Baker called Platinum Law
24 Group at the phone number listed on the advertisement and was directed to Defendant Morga, an
25 account representative.

26 75. Defendant Morga guaranteed that Platinum Law Group would be able to obtain a
27 loan modification for Ms. Baker, and assured her that despite her bank's previous denial of the loan
28

1 modification application she submitted on her own, Platinum would be able to help. Defendant
2 Morga demanded an upfront fee of \$2,250 for Platinum Law Group's services.

3 76. Defendant Morga touted Platinum Law Group's success and experience in the loan
4 modification industry and specifically mentioned Defendant Stevenson as one of its experts.

5 77. Based on Defendant Morga's representations, Ms. Baker agreed to hire Platinum
6 Law Group to obtain a loan modification on her behalf. During phone calls in August 2011,
7 Defendants Morga and Hernandez emphasized that Platinum Law Group refused to perform any
8 work on Ms. Baker's behalf until they received her upfront payment.

9 78. In August 2011, Ms. Baker signed a set of documents that Defendant Morga emailed
10 her setting forth the terms of Platinum Law Group's services. Through these documents, Ms. Baker
11 authorized Platinum Law Group and La Brea Group LLC to withdraw the upfront fee from her
12 checking account. Ms. Baker submitted a voided check, pursuant to Platinum Law Group's request.
13 Ms. Baker also signed and returned an attorney-client fee agreement, a third party authorization
14 form permitting Platinum Law Group and several of its employees to communicate with and obtain
15 information from her bank, and a money back guarantee that was counter-signed by Defendant
16 Hernandez.

17 79. On August 9, 2011, Ms. Baker incurred a \$25 insufficient funds fee because
18 Platinum Law Group attempted to withdraw the \$2,250 upfront fee from her checking account prior
19 to the date agreed to by Defendants and Ms. Baker. On August 18, 2011, with Ms. Baker's
20 permission, Platinum Law Group withdrew the full upfront fee of \$2,250 from her checking
21 account.

22 80. Defendants told Ms. Baker that they would be able to secure a loan modification for
23 her within approximately two months. However, after Platinum Law Group received its upfront
24 payment and Ms. Baker submitted the numerous financial documents they requested, Defendant
25 Morga became more difficult to reach.

26 81. Ms. Baker's phone calls to inquire about the status of her application were largely
27 ignored, and when Ms. Baker did reach Defendant Morga to ask why the process had exceeded the
28 two-month time frame, he made several excuses. Defendant Morga told her that Platinum Law

1 Group's underwriters were working on her application, that the process would take more time, and
2 to keep calling him back for updates. He further instructed Ms. Baker not to contact her bank
3 during this period and to direct any correspondence from the bank to him.

4 82. After months without any progress and little communication from Platinum Law
5 Group, Ms. Baker received a letter from Platinum Law Group indicating that it would no longer be
6 able to assist her with her loan modification application. Defendants encouraged Ms. Baker to
7 contact her bank directly to further pursue a modification.

8 83. In or around May 2012, after receiving this letter, Ms. Baker called Defendant
9 Hernandez and requested a refund of her upfront fee. Defendant Hernandez refused to issue her a
10 refund and explained that her payment was a retainer fee and therefore was not required to be
11 returned to her. This was Ms. Baker's last contact with Defendants.

12 84. In or around the spring of 2012, Ms. Baker became frustrated with the slow pace of
13 Platinum Law Group's work and applied for a loan modification again directly through her bank. In
14 or around August 2012, Ms. Baker's loan modification application was denied.

15 85. Platinum Law Group neither obtained the promised loan modification nor refunded
16 Ms. Baker's upfront payment.

17 86. As a result of Defendants' actions, Ms. Baker lost \$2,250 in upfront fees, incurred
18 \$25.00 in checking account fees and incurred additional fees, penalties and/or damages in an
19 amount to be determined at trial.

20 **Denise Burns**

21 87. Denise Burns owns and lives with her husband in a home located in El Dorado Hills,
22 California and has a mortgage on the property.

23 88. Ms. Burns initially became aware of Platinum Law Group when she received an
24 unsolicited flyer from that entity in the mail in September 2010. Ms. Burns called Platinum Law
25 Group at the phone number on the flyer and was directed to Defendant Ardon.

26 89. Defendant Ardon told Ms. Burns that Platinum Law Group could lower her mortgage
27 payments to \$3,690 per month. Defendant Ardon promised Ms. Burns a 100% money-back
28 guarantee if Platinum Law Group failed to obtain a modification for her. He also demanded a fee of

1 \$3,690 to be paid up front, plus an additional \$450 to be paid after Platinum Law Group obtained
2 the modification.

3 90. On September 14, 2010, Defendant Ardon emailed Ms. Burns a number of
4 documents, including an “Attorney-Client Limited Scope Fixed Fee Agreement” (on Platinum Law
5 Group letterhead); a “Third Party Authorization Form” authorizing Lisette Guillen or Joel
6 Covarrubias of Platinum Law Group to communicate with and obtain information from her lender;
7 a “Check Draft / Electronic Funds Authorization Form”; a “Disclosure Mandated by CA Senate Bill
8 94”; and a “Money Back Guarantee” (on Platinum Law Group letterhead). Defendant Ardon
9 instructed Ms. Burns to send him signed copies of these documents, along with a blank voided
10 check.

11 91. Later on September 14, 2010, Ms. Burns emailed Defendant Stevenson, asking if the
12 Platinum Law Group address was the address of his business and whether it “sound[ed] right” that
13 she had to send a blank check.

14 92. On September 15, 2010, Defendant Stevenson responded to Ms. Burns’ email,
15 confirming the payment method.

16 93. Later on September 15, 2010, Ms. Burns emailed Defendant Ardon, asking “does the
17 \$4100 come out all at once or according to the schedule you sent us?” Defendant Ardon replied
18 that: “Legally, we cannot charge the full amount, the way it works is, and we charge 90% which is
19 \$3690.00 in your case, to process everything through, and when the modification is complete we
20 charge the remaining 10% which is \$410.00 with your authorization.”

21 94. On September 16, 2010, Ms. Burns completed and signed the “Attorney-Client
22 Limited Scope Fee Agreement,” the “Check Draft / Electronic Funds Authorization Form,” and the
23 “Disclosure Mandated by CA Senate Bill 94,” and mailed those signed documents, along with a
24 voided check, to Platinum Law Group at 9595 Wilshire Blvd., Suite 900, Beverly Hills, California
25 90212. On September 21, 2010, Ms. Burns and her husband signed the “Third Party Authorization
26 Form” and returned it by mail to Platinum Law Group at the same address.

27 95. Platinum Law Group thereafter deducted \$3,690 from Ms. Burns’ checking account.
28

1 96. Ms. Burns subsequently sent several emails to Defendant Ardon, to which he did not
2 respond. Ms. Burns then emailed Defendant Stevenson on January 17, 2011, stating that she
3 wanted to “check in and see how our loan modification was coming along but I’m not sure who to
4 contact. I sent a couple of emails to daniel but I have not heard back.” Defendant Stevenson
5 emailed Ms. Burns the same day stating that “I will make sure someone calls you today.” No one
6 from Platinum Law Group called Ms. Burns, however.

7 97. On February 6, 2012, Ms. Burns emailed Defendant Stevenson, inquiring about the
8 status of her case. Defendant Stevenson replied that he was “in the process of finding what is going
9 on with your case.” Ms. Burns did not receive any further update regarding her case from
10 Defendant Stevenson.

11 98. Later in February 2012, Ms. Burns requested a refund from Platinum Law Group of
12 her up-front payment.

13 99. On February 28, 2012, Defendant De La Garza sent Ms. Burns an email stating that
14 she was not entitled to a refund.

15 100. On February 29, 2012, Ms. Burns received an email from Defendant Ambriz,
16 requesting further financial information and stating that “her modification is currently under review,
17 but we are restructuring and resubmitting your financials.”

18 101. Later on February 29, 2012, Ms. Burns received an email from Defendant Stevenson
19 stating that “the reason we offer a guarantee is that we have been successful when other people have
20 not. However, it takes several months and several denials before we are able to get a favorable
21 result.”

22 102. On March 18, 2012, Ms. Burns emailed Defendant Stevenson again regarding
23 Defendant De La Garza’s February 28, 2012 email, asking why she could not obtain a refund.
24 Defendant Stevenson responded that “It is my understanding that you have requested to cancel prior
25 to allowing us to exhaust all options. It looks like your application was denied only once.”

26 103. On March 21, 2012, Defendant Ambriz again requested that Ms. Burns sign and
27 return additional documents. Ms. Burns later faxed additional documentation to Platinum Law
28 Group.

104. Ms. Burns' spoke again with Defendant Ambriz on May 23, 2012, when Defendant Ambriz, after receiving Ms. Burns' supplemental documentation, told Ms. Burns that "we are due to speak to your lender on 06/05 again."

105. Ms. Burns' last contact with Platinum Law Group was in January 2013.

106. Ms. Burns is informed and believes, and on that basis alleges, that at some point in 2011, Platinum Law Group began a loan modification application on her behalf, which was denied. Platinum Law Group, however, did not complete all of the services it warranted it would complete in Ms. Burns' written contract.

107. Platinum Law Group neither obtained the promised loan modification nor refunded Ms. Burns' up-front payment.

108. As a result of Defendants' actions, Ms. Burns lost \$3,690 in up-front fees, and incurred additional fees, penalties, and/or other damages in an amount to be determined at trial.

Juanita and Michael Craig

109. Juanita Craig and Michael Craig currently live in a rented home in Clovis, California. They previously owned and lived in a home located in Fresno, California and had a mortgage on the property. Mr. Craig is a veteran of the Vietnam War. He suffers from post-traumatic stress disorder and has been deemed disabled and unable to work by the Department of Veterans Affairs since 2003. He collects monthly social security disability payments. Mrs. Craig, at all times relevant to this Complaint, was over 65 years of age.

110. On or about October 2010, Mr. and Mrs. Craig, who were facing financial difficulties at the time, contacted their lender by phone regarding obtaining a loan modification. Later that same month, they received an unsolicited phone call from Defendant Romero, who claimed that Platinum Law Group worked closely with Bank of America to obtain loan modifications. Defendant Romero further stated that Platinum Law Group had a 90% success rate in obtaining such modifications.

111. Defendant Romero thereafter sent Mr. and Mrs. Craig a number of documents, including an “Attorney-Client Limited Scope Fixed Fee Agreement,” a “Third Party Authorization Form” (on Platinum Law Group letterhead) authorizing “Lisette Guillen or Joel Covarrubias of

1 Platinum Law Group” to contact their lender, an IRS form 4506-T “Request for Transcript of Tax
2 Return,” and a “Making Home Affordable Program Request for Modification and Affidavit.”
3 Defendant Romero instructed Mr. and Mrs. Craig to send him signed copies of these documents,
4 along with a blank voided check. Defendant Romero demanded an upfront fee of \$1,928.

5 112. On November 17, 2010, Mr. and Mrs. Craig completed and signed these documents
6 and faxed them to Defendant Romero, along with a blank voided check from their checking
7 account, as Defendant Romero told them to do.

8 113. On or about November 20, 2010, Platinum Law Group deducted \$1,735.20 from Mr.
9 Craig’s checking account, prior to completing the contracted services. Defendant Romero also told
10 Mr. and Mrs. Craig to stop making payments to their lender, which he stated would make obtaining
11 a loan modification easier.

12 114. Relying on Defendant Romero’s statements, Mr. and Mrs. Craig stopped making
13 payments to their lender in December 2010.

14 115. At various times between October 2010 and May 2011, Mr. and Mrs. Craig also
15 provided copies of their bank statements and other financial documents to Defendant Romero, in
16 response to his requests.

17 116. In October 2011, Mr. and Mrs. Craig requested and received a meeting with a
18 representative from the Fresno office of the United States Department of Housing and Urban
19 Development, who informed them that she had contacted their lender on their behalf and
20 determined that no loan modification had been completed.

21 117. On or about November or December 2011, Defendant Romero informed Mr. and
22 Mrs. Craig that he had obtained a loan modification with their lender, and that he was finished with
23 their case. Mrs. Craig requested that their file be returned to her before the final payment of
24 \$192.80 was deducted from her checking account. Platinum Law Group never returned their file
25 and never deducted the final \$192.80.

26 118. On or about February 7, 2012, Mrs. Craig received a trial payment period plan for a
27 loan modification. When she was told by her lender that these payments were over \$400 more per
28 month than her monthly payments prior to contracting with Platinum Law Group, she contacted her

1 lender and was told that her loan modification was still not complete. Mrs. Craig sent additional
2 documents to Defendant Romero, but received no response.

3 119. Mr. and Mrs. Craig resumed making their mortgage payments to their lender in
4 March 2012. As a result of Defendants' wrongful acts and omissions, Mr. and Mrs. Craig lost
5 \$1,735.20 in up-front fees and incurred penalties for late mortgage payments.

6 120. Mr. and Mrs. Craig are informed and believe, and on that basis allege, that neither
7 Defendant Romero nor anyone else at Platinum Law Group ever completed a loan modification
8 application or obtained a loan modification on their behalf.

9 121. On August 2, 2012, after receiving multiple notices of sale, Mr. and Mrs. Craig were
10 forced to conduct a short-sale on their home. The sale was completed on December 28, 2012.

11 122. At all relevant times, Mrs. Craig was sixty-five years or older and thus a senior
12 citizen as defined by California Civil Code Section 1761(f), and Mr. Craig was a disabled person as
13 defined by California Civil Code Section 1761(g). Accordingly, Mr. and Mrs. Craig are entitled to
14 a trebling of any statutory fines or other penalties or punitive damages imposed on Defendants
15 pursuant to Civil Code Section 3345.

16 **Julia Cringle**

17 123. Julia Cringle owns and lives in a home located in McKinleyville, California and has
18 a mortgage on the property.

19 124. In November 2010, Ms. Cringle received an unsolicited advertisement in the mail
20 from Platinum Law Group advertising loan modification services. After viewing Platinum Law
21 Group's website, she called the phone number listed on the advertisement and spoke to Defendant
22 Marklein. Defendant Marklein informed Ms. Cringle that Platinum Law Group worked with the
23 Making Home Affordable Program, which is the name of the official mortgage relief program
24 operated by the United States Departments of Treasury and Housing and Urban Development.

25 125. Defendant Marklein sent Ms. Cringle a number of documents, including an
26 "Attorney-Client Limited Scope Fixed Fee Agreement," a "Third Party Authorization Form" (on
27 Platinum Law Group letterhead) authorizing "Lisette Guillen or Joel Covarrubias of Platinum Law
28 Group" to contact their lender, an IRS form 4506-T "Request for Transcript of Tax Return," a

1 “Disclosure Mandated by CA Senate Bill 94,” a “Credit Card Authorization Form,” and a “Check
2 Draft / Electronic Funds Authorization Form.” Defendant Marklein instructed Ms. Cringle to send
3 him signed copies of these documents along with a blank, voided check. Defendant Marklein
4 demanded an upfront payment of \$1,995.

5 126. On November 12, 2010, Ms. Cringle and her husband signed these forms and faxed
6 them to Defendant Marklein, together with the blank, voided check.

7 127. Platinum Law Group thereafter deducted \$1,795 from Ms. Cringle’s checking
8 account, prior to completing the contracted services.

9 128. Sometime thereafter, Platinum Law Group submitted a loan modification application
10 to Ms. Cringle’s lender, which was rejected. Ms. Cringle was informed by her lender that Platinum
11 Law Group had not returned the lender’s calls.

12 129. In December 2011 or January 2012, Ms. Cringle requested a refund of her \$1,795
13 from Defendant Marklein. Ms. Cringle also requested refunds from Defendant Romero and
14 Defendant Stevenson. Defendant Marklein informed her that her lender would not consider a
15 modification if she was current on her payments, and instructed her to suspend making her
16 mortgage payments. He further instructed her not to contact her lender directly.

17 130. From May 2011 to May 2012, Ms. Cringle ceased making mortgage payments to her
18 lender, which then foreclosed on her home. She has since negotiated a loan modification with her
19 lender herself and has avoided a foreclosure sale.

20 131. To date, Ms. Cringle has not received a refund from Defendant Platinum Law Group.

21 132. As a result of Defendants’ actions, Ms. Cringle lost \$1,795 in up-front fees, and
22 incurred additional fees, penalties, and/or other damages in an amount to be determined at trial.

23 **Carol Frost**

24 133. Carol Frost currently lives with her children in Simi Valley, California. Ms. Frost
25 previously owned and lived in a home located in Simi Valley, California and had a mortgage on the
26 property. Ms. Frost is eighty (80) years old.

27 134. Ms. Frost first learned of Priority Realty Group in or about July 2009, when she
28 received an unsolicited letter in the mail from Priority Financial Group advertising loan

1 modification services. Ms. Frost called the toll-free number on the letter, 1-888-225-2103, and was
2 directed to Defendant Tapia. At that time, Ms. Frost was not behind on her mortgage payments.

3 135. Defendant Tapia informed Ms. Frost that Priority Realty Group could renegotiate
4 Ms. Frost's mortgage and lower her interest rate for an upfront fee of \$1,500, payable in two \$750
5 installments. Defendant Tapia boasted that Priority Realty Group had a high success rate in
6 negotiating loan modifications and that, in the event Priority Realty Group could not obtain a loan
7 modification for Ms. Frost, it would refund the full \$1,500 fee to her.

8 136. Later in July 2009, following Defendant Tapia's instructions, Ms. Frost mailed a
9 blank, voided check from her checking account to Priority Realty Group at its address at 457 West
10 Allen Avenue, Suite 114, San Dimas, California 91773. Priority Realty Group deducted \$750 from
11 Ms. Frost's account in July 2009, and deducted another \$750 in August 2009, prior to completing
12 the contracted services.

13 137. On October 24, 2009, Ms. Frost completed an "Authorization to Release
14 Information" to the Loan Service Department of her mortgage lender, authorizing it to release
15 information related to her mortgage to Defendants Tapia and Priority Realty Group.

16 138. Upon retaining Priority Realty Group, Defendant Tapia advised Ms. Frost that she
17 should stop making mortgage payments to her lender while Priority Realty Group negotiated a
18 modification on her behalf. Relying on Defendant Tapia's advice, Ms. Frost stopped making
19 mortgage payments on her home in or about January 2010.

20 139. On information and belief, neither Defendant Tapia nor anyone at Priority Realty
21 Group ever applied for a loan modification with Ms. Frost's lender on her behalf. Ms. Frost's home
22 was foreclosed upon in May 2010.

23 140. After Ms. Frost's home was foreclosed upon, she was forced to move in with her
24 children. Soon thereafter, she attempted by phone to obtain a refund from Defendant Priority
25 Realty Group. Ms. Frost left voicemail messages for Defendant Tapia and also for Defendant
26 Gomez, the President of Priority Realty Group, but never received a response to those messages.

27 141. To date, Ms. Frost has not received a refund of any portion of her up-front fee.
28

142. As a result of Defendants' actions, Ms. Frost lost \$1,500 in up-front fees, and incurred additional fees, penalties, and/or other damages in an amount to be determined at trial.

143. At all relevant times, Ms. Frost was sixty-five years or older and thus a senior citizen as defined by California Civil Code Section 1761(f). Accordingly, Ms. Frost is entitled to a trebling of any statutory fines or other penalties or punitive damages imposed on Defendants pursuant to Civil Code Section 3345.

Dwight Reep

144. Dwight Reep owns and lives in a home located in Rancho Cucamonga, California and has first and second mortgages on the property.

145. Mr. Reep first learned of Defendant Priority Realty Group in 2008 from a representative of a debt settlement company he was working with at the time. Mr. Reep was seeking to lower his monthly payments on his two mortgages, and to modify his adjustable interest rates before steep increases were due to take effect.

146. Mr. Reep was not behind on his mortgage payments at the time he started working with Priority Realty Group.

147. Mr. Reep first spoke to account manager, Lynn Shieh, of Defendant Priority Realty Group in November 2008 by phone. She offered the company's loan modification services. At the time, the company was located at 457 West Allen Avenue, Suite 114 in San Dimas, California.

148. Ms. Shieh informed him that Defendant Priority Realty Group's loan modification services were 100% guaranteed and touted the company's high success rate at obtaining loan modifications. Based on Ms. Shieh's representations during that first phone call, Mr. Reep believed he would receive a full refund if the promised loan modification services for both of his mortgages were not completed.

149. Ms. Shieh explained that the entire loan modification process would be completed in sixty to ninety days and demanded a one-time fee of \$2,848 to be paid before Defendant Priority Realty Group would begin providing services. She explained that the fee would cover their work on his first and second mortgages.

1 150. Based on Ms. Shieh's representations, Mr. Reep decided to hire Defendant Priority
2 Realty Group.

3 151. In December 2008, Mr. Reep signed and returned to Ms. Shieh a set of documents,
4 which included a Residential Loan Modification Agreement with Defendant Priority Realty Group,
5 a third-party authorization form permitting Defendant Priority Realty Group and its agents to
6 communicate with his bank, and a form through which he acknowledged the fee arrangement for
7 the company's services.

8 152. The one-page Residential Loan Modification Agreement provided that Defendant
9 Priority Realty Group would "evaluate and compile" the information required by his lender and
10 present the loan modification applications to his lender. Further, Defendant Priority Realty Group
11 warranted that it would make "all efforts" to achieve a favorable outcome. Finally, the agreement
12 indicated that the \$2,848 upfront fee for loan modification services was deemed "earned" by the
13 company "upon the presentation of a Loan Modification Package to Priority Financial Group."

14 153. In December 2008, Mr. Reep also submitted to Ms. Shieh documents containing his
15 financial information and his \$2,848 payment. Ms. Shieh indicated the company would obtain a
16 modification of his first mortgage before beginning work on the modification of his second
17 mortgage.

18 154. In January 2009, Ms. Shieh informed Mr. Reep that she had been promoted and
19 would no longer be working on his account. She indicated that Defendant David Gomez, Branch
20 Manager, would be taking over his account. Mr. Reep repeatedly tried to reach Defendant Gomez
21 to discuss his applications, but his phone calls were not returned. His subsequent contact with the
22 company was through Defendant Raudel Guerrero, who also identified himself as a Branch
23 Manager.

24 155. Defendant Guerrero took over as Mr. Reep's primary point of contact for finalizing
25 the modification of his first mortgage and obtaining a modification of his second mortgage. Later in
26 September 2009, Defendant Guerrero advised Mr. Reep to fall behind on his mortgage payments to
27 expedite the loan modification application process. Relying on this advice, Mr. Reep made late
28 payments to his lender in or around December 2009 and January 2010.

1 156. In or around September 2010, Defendant Guerrero informed Mr. Reep that his first
2 modification had been approved and finalized by Chase. Mr. Reep's monthly mortgage payments
3 were reduced by \$400; however, he was frustrated that the company took over two years to help
4 secure this first modification, despite their initial promises of a sixty to ninety day time frame.

5 157. Defendant Guerrero promised Mr. Reep that his second modification would be
6 approved within sixty to ninety days. Throughout 2010 and 2011, while Defendants claimed to be
7 working on his second modification, Mr. Reep repeatedly attempted to contact Defendant Guerrero
8 to receive status updates. However, at times, his calls and emails were not returned for weeks or
9 months.

10 158. While claiming to be finalizing Mr. Reep's second modification, Defendant Guerrero
11 instructed Mr. Reep to make modified lower monthly payments of \$600 on his second loan.
12 Defendant Guerrero indicated that Chase had approved this lower monthly payment amount as part
13 of the modification.

14 159. Relying on Defendant Guerrero's representations, Mr. Reep began making lower
15 monthly payments to Chase. During this time, however, Mr. Reep noticed that his monthly
16 mortgage statements from Chase did not reflect the lower, modified figure quoted by Defendants.

17 160. In December 2010 and again in June 2011, Chase notified Mr. Reep that he was not
18 eligible for a modification of his second loan. Throughout this period, however, Mr. Reep was
19 relying on Defendant Guerrero's representation that Chase had approved his second loan
20 modification and lowered his monthly payment.

21 161. For approximately six months in 2011, Defendant Guerrero failed to respond to Mr.
22 Reep's emails and calls requesting clarification about his second loan modification. When
23 Defendant Guerrero did respond, he suggested the error was on Chase's part. However, Mr. Reep's
24 requests for written verification or proof of Chase's approval of his second loan modification were
25 ignored by Defendant Guerrero.

26 162. In or around July 2011, Mr. Reep contacted Chase. A representative informed him
27 that Defendant Priority Realty Group had contacted Chase about his account, but had never
28

1 submitted a complete application package. As a result, the representative explained, Chase had
2 never, in fact, modified Mr. Reep's second mortgage nor approved a lower monthly payment.

3 163. Mr. Reep was surprised by the news from Chase. Prior to his conversation with
4 Chase, Mr. Reep believed that Defendants were actively pursuing a loan modification, and he
5 believed Defendant Guerrero's representations regarding the status of his application.

6 164. In August 2011, Mr. Reep emailed Defendants Guerrero and Gomez relaying his
7 phone call with Chase and again requesting verification of the loan modification that he could
8 provide to the bank. Neither Defendant has responded to his emails.

9 165. Defendants failed to obtain a second loan modification for Mr. Reep, as promised,
10 and have not refunded any portion of Mr. Reep's upfront fee. Defendants repeatedly
11 misrepresented the status of Mr. Reep's second loan modification and led Mr. Reep to believe that it
12 had been approved when that was not the case.

13 166. Mr. Reep received a notice of intent to foreclose from Chase in December 2012, and
14 is now behind on payments on his second mortgage. He applied for a modification of his second
15 loan on his own directly through Chase, and this application was initially approved in December
16 2012.

17 167. As a result of Defendants' actions, Mr. Reep lost \$2,848 in up-front fees, erroneously
18 underpaid Chase for his second mortgage for months and incurred additional fees, penalties, and/or
19 other damages in an amount to be determined at trial.

20 **Roberto Velasquez**

21 168. Roberto Velasquez owns and lives in a home located in Downey, California and has
22 a mortgage on the property.

23 169. In September 2011, Mr. Velasquez received an unsolicited advertisement in the mail
24 from Platinum Law Group offering loan modification services. The flyer was written in both
25 English and Spanish, Mr. Velasquez's primary language. The flyer also contained the logo of Mr.
26 Velasquez's lender. Mr. Velasquez called Platinum Law Group at the number on the flyer and was
27 directed to Defendant Jackson.
28

1 170. Defendant Jackson told Mr. Velasquez that Platinum Law Group had a greater than
2 90% success rate in obtaining loan modifications for its clients. Defendant Jackson also told Mr.
3 Velasquez that Platinum Law Group's staff attorneys would be able to prevent Mr. Velasquez's
4 home from going into foreclosure, and that Platinum Law Group could lower Mr. Velasquez's
5 mortgage payment to \$1,200 per month in two-to-three months' time.

6 171. Defendant Jackson further informed Mr. Velasquez that Platinum Law Group
7 charged a total fee of \$2,500 for its services. Defendant Jackson told Mr. Velasquez to pay \$1,125
8 by September 14, 2011 by sending a voided personal check to Platinum Law Group at 457 West
9 Allen Avenue, Suite 114, San Dimas, California 91773.

10 172. Defendant Jackson told Mr. Velasquez that once he retained Platinum Law Group,
11 Mr. Velasquez would not need to contact his lender because Platinum Law Group would handle the
12 negotiation of his loan modification. Defendant Jackson then instructed Mr. Velasquez to stop
13 making mortgage payments directly to his lender, and, instead, to make his mortgage payments
14 directly to Platinum Law Group. At that time, Mr. Velasquez was not behind on his mortgage
15 payments.

16 173. Defendant Jackson said that he would send Mr. Velasquez a contract and told Mr.
17 Velasquez to sign and return it to Platinum Law Group, at which point Platinum Law Group would
18 countersign and return the fully executed documents to Mr. Velasquez. Mr. Velasquez thereafter
19 received an "Attorney-Client Limited Scope Fee Agreement" from Platinum Law Group, which he
20 signed and faxed to Platinum Law Group on September 14, 2011 ("Agreement"). The Agreement
21 bore the letterhead of Platinum Law Group at its 9595 Wilshire Blvd., Suite 900, Beverly Hills,
22 California 90212 address. Mr. Velasquez never received a countersigned copy from Platinum Law
23 Group.

24 174. The Agreement purported to require Mr. Velasquez to make four direct payments to
25 Platinum Law Group as follows: (i) \$1,125 to "verify and analyze case;" (ii) \$1,125 for
26 "preparation and package case;" (iii) \$125 to "submit, negotiate and obtain;" and (iv) \$125 to
27 "formalize and review modification."
28

1 175. Per the Agreement's instructions, Mr. Velasquez mailed a voided check to Platinum
2 Law Group, along with the signed Agreement, to 9595 Wilshire Blvd., Beverly Hills, California
3 90212. Defendants thereafter made two withdrawals from Mr. Velasquez's bank account, prior to
4 completing the contracted services: the first for \$1,125 on September 16, 2011, payable to La Brea
5 Group LLC; and the second for \$1,125 on October 7, 2011, payable to Platinum Law Group.

6 176. In the Agreement, Platinum Law Group warranted that an "attorney will attempt to
7 obtain a loan modification that is appropriate to Client's situation[.]" Platinum further warranted
8 that it would perform a number of specified services as part of the "verify and analyze case,"
9 including consulting and communicating with the Client and the Lender, and providing various
10 "proof of services."

11 177. On or about November 1, 2011, Mr. Velasquez received a letter from his loan
12 servicer regarding a potential loan modification. Mr. Velasquez drove to Platinum Law Group's
13 office in San Dimas to deliver this letter to Defendant Jackson in person. Defendant Jackson told
14 Mr. Velasquez that Platinum Law Group would "handle it."

15 178. Following Platinum Law Group's instructions, Mr. Velasquez did not make
16 mortgage payments to his lender Bank of America in October and November 2011, but also did not
17 make payments directly to Platinum Law Group.

18 179. On information and belief, neither Defendant Jackson nor anyone else at Platinum
19 Law Group applied for or completed a loan modification on Mr. Velasquez's behalf. Nor did
20 Platinum Law Group provide Mr. Velasquez with the other services or "proof of services" required
21 by the Agreement.

22 180. Mr. Velasquez has requested but has not received a refund from Platinum Law
23 Group.

24 181. As a result of Defendants' actions, Mr. Velasquez lost \$2,500 in up-front fees, and
25 incurred additional fees, penalties, and/or other damages in an amount to be determined at trial.
26
27
28

1 **FIRST CAUSE OF ACTION**

2 **Unfair Competition**

3 (By All Plaintiffs Against All Defendants)

4 182. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs
5 1 through 181 above as though set forth in full herein.

6 183. Defendants engaged in an unfair pattern and practice of breaching contracts with
7 Plaintiffs to provide various services, such as obtaining loan modifications or preventing
8 foreclosure, and/or of acting unfairly against Plaintiffs by guaranteeing successful loan
9 modifications and preventing foreclosure, and then failing to provide these services.

10 184. By using a guarantee as a material inducement for Plaintiffs to enter into contracts
11 with Defendants — and failing to provide Plaintiffs with the promised money-back guarantee after
12 Defendants failed to perform the promised loan modification services — Defendants engaged in an
13 unfair pattern and practice of breaching the guarantee and/or acting unfairly against Plaintiffs.

14 185. Defendants violated numerous statutes through, without limitation: their false and
15 deceptive advertisements and by engaging in unfair and deceptive acts and practices in connection
16 with their advertised practices; by demanding and accepting up-front fees for loan modification
17 services; by utilizing and inducing homeowners to sign contracts that do not meet statutory
18 requirements or that contain illegal provisions, such as unlawful limitation of liability clauses and/or
19 arbitration clauses, or contracts not written in the homeowner's primary language; and by failing to
20 provide homeowners with signed copies of their contracts and/or notices of cancellation. Statutes
21 Defendants violated include, without limitation, the following: Cal. Civ. Code §§ 2944.6(a),
22 2944.6(b), 2944.7(a), 2945.3(b)-(g), 2945.4(a), 2945.10, 2945.45(a), 2945.5; Cal. Bus. & Prof.
23 Code §§ 10085.5, 10085.6, 10147.6, 17500.

24 186. Defendants' acts and omissions constitute unlawful, unfair, and/or fraudulent
25 business acts or practices within the meaning of California Business and Professions Code Sections
26 17200, *et seq.*

187. Defendants' unlawful, unfair, and/or fraudulent business acts or practices were substantial factors in the harm Plaintiffs suffered, and Plaintiffs lost money and/or property that are subject to restitution.

188. Unless Defendants are restrained from continuing these unlawful, unfair, and/or fraudulent business acts or practices, Plaintiffs and members of the public will suffer irreparable injury.

189. Plaintiffs therefore are entitled to equitable relief in the form of restitution and injunctions, and any other equitable relief permissible under California Business and Professions Code Section 17203.

SECOND CAUSE OF ACTION

Breach of Contract

(By Each Plaintiff, Individually, Against All Defendants)

190. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs 1 through 181 above as though set forth in full herein.

191. Defendants entered into written, oral, and/or implied contracts with Plaintiffs for loan modification and other related services.

192. Plaintiffs have performed all of their obligations under their contracts with the Defendants, except to the extent any such obligations were excused by Defendants' contract breaches.

193. Defendants materially breached those contracts through substantial non-performance.

194. As a direct and proximate result of Defendants' breaches of those contracts, Plaintiffs have been damaged in an amount to be determined at trial.

THIRD CAUSE OF ACTION

Breach of Implied Covenant of Good Faith and Fair Dealing

(By Each Plaintiff, Individually, Against All Defendants)

195. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs 1 through 181 above as though set forth in full herein.

196. Defendants contracted with Plaintiffs for loan modification and other related services. Plaintiffs performed all or substantially all of their significant obligations under the contracts, or were excused from such performance because of Defendants' non-performance.

197. Defendants, through their wrongful conduct, unfairly interfered with Plaintiffs' rights to receive the benefits of the contracts.

198. As a direct and proximate result of Defendants' material breaches of the implied covenant of good faith and fair dealing, Plaintiffs have been damaged in an amount to be determined at trial.

FOURTH CAUSE OF ACTION

Breach of Fiduciary Duty

(By Each Plaintiff, Individually, Against All Defendants)

199. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs 1 through 181 above as though set forth in full herein.

200. Plaintiffs contractually retained Defendants as their agents to act on their behalf in negotiating home loan modifications, preventing foreclosures, and/or taking various other related actions for them. Defendants therefore owed fiduciary duties to Plaintiffs to act with the utmost good faith and in Plaintiffs' best interests.

201. Defendants failed to act as a reasonably careful agent would have acted under the same or similar circumstances if and when they attempted to perform any services for Plaintiffs and/or knowingly acted against Plaintiffs' interests when they did not perform services as promised.

202. Defendants' wrongful conduct was a substantial factor in harming Plaintiffs, and damaged Plaintiffs in an amount to be determined at trial.

FIFTH CAUSE OF ACTION

Fraud — Misrepresentation

(By Each Plaintiff, Individually, Against All Defendants)

203. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs 1 through 181 above as though set forth in full herein.

204. Defendants or their authorized agents misrepresented to Plaintiffs, among other falsehoods, that they had a high success rate in obtaining loan modifications, that they would negotiate a loan modification with Plaintiffs' lenders, and/or that Plaintiffs would receive all or substantially all of their money back if Defendants did not obtain a loan modification on their behalf.

205. Defendants knew these representations were false when made, made the representations recklessly and without regard for the truth of the representations, and/or possessed no reasonable grounds to believe these representations were true when made.

206. Defendants intended that Plaintiffs would rely on these misrepresentations and used the misrepresentations to convince Plaintiffs to pay fees for loan modification services and/or to take other action in connection with loan modification applications, such as ceasing to make mortgage payments to their lenders.

207. Plaintiffs reasonably and justifiably relied on Defendants' representations, and such reliance was a substantial factor in the harm and damages Plaintiffs suffered, the exact amount to be determined at trial.

SIXTH CAUSE OF ACTION

Constructive Fraud

(By Each Plaintiff, Individually, Against All Defendants)

208. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs 1 through 181 above as though set forth in full herein.

209. Plaintiffs contractually retained Defendants as their agents to act on their behalf to negotiate home loan modifications, prevent foreclosures, and/or take various other related actions for them. Defendants therefore were in a fiduciary and/or confidential relationship with Plaintiffs that obligated Defendants, among other things, to disclose to Plaintiffs all material facts regarding their representation of Plaintiffs.

210. Defendants breached their duties of disclosure by concealing material information from Plaintiffs, including that Defendants did not intend to submit and/or complete loan modification applications on Plaintiffs' behalf, and/or by misrepresenting to Plaintiffs, among other

1 falsehoods, that they had a high success rate in obtaining loan modifications, that they would
2 negotiate a loan modification with Plaintiffs' lenders, and/or that Plaintiffs would receive all or
3 substantially all of their money back if Defendants did not obtain a loan modification on their
4 behalf.

5 211. Plaintiffs reasonably and justifiably relied on Defendants' representations and/or
6 omissions, and such reliance was a substantial factor in the harm and damages Plaintiffs suffered,
7 the exact amount to be determined at trial.

8 **SEVENTH CAUSE OF ACTION**

9 **False Advertising**

10 (By Plaintiffs Marcia Baker, Denise Burns, Juanita Craig, Michael Craig, Julia Cringle, Carol Frost,
11 and Roberto Velasquez, Individually, Against All Defendants)

12 212. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs
13 1 through 143 and 168 through 181 above as though set forth in full herein.

14 213. Defendants publicly disseminated advertisements through various media, such as
15 letters, mailings, and the Internet, to Plaintiffs Marcia Baker, Denise Burns, Juanita Craig, Michael
16 Craig, Julia Cringle, Carol Frost, and Roberto Velasquez (the "False Advertising Plaintiffs") that
17 contained statements offering services to reduce monthly mortgage payments, prevent foreclosures,
18 and/or provide other loan modification services.

19 214. Defendants' advertisements also were designed to look like "official"
20 communications from the False Advertising Plaintiffs' lenders.

21 215. Defendants' advertisements concerned real property, or services related to the
22 disposition or performance with respect to real property.

23 216. Through these advertising methods, Defendants led the False Advertising Plaintiffs
24 and the public to believe that Defendants intended to perform mortgage loan modification services,
25 prevent foreclosures, and/or provide other related services.

26 217. Defendants' advertising statements were untrue or misleading, and Defendants did
27 not provide these services. Defendants knew, or, in the exercise of reasonable care, should have
28

1 known that these advertisements were untrue or misleading to the False Advertising Plaintiffs and
2 other consumers.

3 218. The False Advertising Plaintiffs relied on Defendants' advertisements and statements
4 regarding Defendants' abilities and claims to obtain home loan modifications and to provide other
5 services when entering into contracts. The False Advertising Plaintiffs' reasonable reliance on
6 Defendants' advertisements constituted a substantial factor in the harm the False Advertising
7 Plaintiffs suffered, the exact amount to be determined at trial.

8 **EIGHTH CAUSE OF ACTION**

9 **Violation of Civil Code § 2944.7**

10 (By Each Plaintiff, Individually, Against All Defendants)

11 219. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs
12 1 through 181 above as though set forth in full herein.

13 220. Defendants negotiated, attempted to negotiate, arranged, attempted to arrange, and
14 otherwise offered to perform mortgage loan modification or other forms of mortgage loan
15 forbearance for a fee, within the meaning of California Civil Code Section 2944.7(a).

16 221. Defendants claimed, demanded, charged, collected, and/or received compensation
17 from Plaintiffs for mortgage loan modification services before fully performing each and every
18 service Defendants contracted to perform or represented that they would perform, in violation of
19 Civil Code Section 2944.7(a)(1).

20 222. As a direct and proximate result of Defendants' illegal acts, Plaintiffs have suffered
21 damages, the exact amount to be determined at trial.

22 **NINTH CAUSE OF ACTION**

23 **Violation of Mortgage Foreclosure Consultants Act**

24 (By Plaintiffs Julia Cringle and Carol Frost, Individually, Against All Defendants)

25 223. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs
26 1 through 72 and 123 through 143 above as though set forth in full herein.

27 224. Defendants are foreclosure consultants under California Civil Code Section 2945.1,
28 and they violated the prohibitions of California Civil Code Section 2945, *et seq.*, by (i) failing to

1 provide required notices in their contracts; (ii) demanding and collecting payments before providing
2 any of the contracted for services in violation of California Civil Code Section 2945.4(a); (iii)
3 failing to execute a written contract for loan modification services with certain plaintiffs in violation
4 of California Civil Code Section 2945.3(a); (iv) inducing and attempting to induce homeowners into
5 written contracts that violated California Civil Code Section 2945.3(c)-(h), *et seq.*; (v) not properly
6 registering with the California Department of Justice in violation of California Civil Code Section
7 2945.45(a) ; and/or (vi) requiring clients to waive some of the protections of California Civil Code
8 Section 2945.5.

9 225. Such actions were a substantial factor in the harm Ms. Cringle and Ms. Frost (the
10 “MFCA Plaintiffs”) suffered, the exact amount to be proved at trial. The MFCA Plaintiffs seek to
11 recover these damages and other appropriate relief.

12 **TENTH CAUSE OF ACTION**

13 **Financial Abuse of an Elder**

14 (By Plaintiffs Juanita Craig and Carol Frost, Individually, Against All Defendants)

15 226. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs
16 1 through 72, 109 through 122, and 133 through 143 above as though set forth in full herein.

17 227. Defendants took, bid, appropriated, or retained Ms. Frost’s and Mrs. Craig’s (the
18 “Elderly Plaintiffs”) property or assisted another to accomplish such actions for a wrongful use or
19 with the intent to defraud them.

20 228. Defendants knew or should have known that their conduct was likely to harm the
21 Elderly Plaintiffs.

22 229. Defendants’ actions were a substantial factor in harming the Elderly Plaintiffs, and
23 the Elderly Plaintiffs were harmed by Defendants’ actions in an amount to be proved at trial.

24 230. At all relevant times, the Elderly Plaintiffs were sixty-five (65) years or older and
25 therefore “Elders” within the meaning of California Welfare and Institutions Code Section
26 15610.27.

ELEVENTH CAUSE OF ACTION

Violation of the Consumer Legal Remedies Act

(By All Plaintiffs Against All Defendants)

231. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs 1 through 181 above as though set forth in full herein.

232. Plaintiffs are consumers who contracted with Defendants for loan modification services.

233. Defendants, in providing law modification services, engaged in unfair and unlawful methods of competition and/or unfair or deceptive acts or practices, in violation of provisions of the Consumer Legal Remedies Act, including, but not limited to, California Civil Code Sections 1770(a)(3), (5), (7), (9), (14), (16) and (19) by, among other things:

- a. falsely informing Plaintiffs that the contracted-for loan modification services were subject to a money-back guarantee if Defendants could not obtain loan modifications on Plaintiffs' behalves;
- b. including illegal and unconscionable provisions in their contracts with Plaintiffs that purport to limit Defendants' liability;
- c. including illegal and unconscionable provisions in their contracts with Plaintiffs that purport to require arbitration of disputes arising under those contracts;
- d. falsely claiming to be affiliated with official government-sponsored mortgage relief programs, including the Making Home Affordable program;
- e. promising Plaintiffs that their lenders would approve specific loan modification terms when Defendants were in no position to make such promises; and
- f. falsely claiming to have negotiated or secured loan modifications for Plaintiffs when neither had occurred.

234. As a result of Defendants' unfair and/or illegal practices, and in reliance on Defendants' unlawful and/or misleading acts and omissions, Plaintiffs have suffered injury, and

1 seek an order for declaratory, equitable, and/or injunctive relief prohibiting Defendants from
2 continuing to engage in the methods, acts, or practices alleged herein.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiffs pray for relief against Defendants as follows:

- 5 1. An injunction enjoining and restraining Defendants, their successors, agents,
6 representatives, employees, and all other persons acting in concert with Defendants, from directly
7 and indirectly:
- 8 a. Marketing, advertising, offering, selling, or carrying out Mortgage Assistance Relief
9 Services in an unlawful manner, or aiding and abetting the marketing, advertising,
10 offering, selling, or carrying out of Mortgage Assistance Relief Services in an
11 unlawful manner;
 - 12 b. Owning, managing, operating, creating, or assisting in the creation of any entity that
13 markets, advertises, offers, sells, or carries out Mortgage Assistance Relief Services
14 in an unlawful manner;
 - 15 c. Being employed by, or serving as a consultant to, any person or entity that sells or
16 carries out Mortgage Assistance Relief Services in an unlawful manner;
 - 17 d. Engaging in any conduct that would violate California Civil Code Section 2944.6;
 - 18 e. Engaging in any deceptive acts and practices, false advertising, or unfair competition
19 as defined in Business and Professions Code Sections 17200, *et seq.* including, but
20 not limited to:
 - 21 i. Charging consumers an up-front fee for Mortgage Assistance Relief Services;
 - 22 ii. Misrepresenting to consumers the nature and mechanics of Mortgage
23 Assistance Relief Services;
 - 24 iii. Falsely promising to engage in negotiations with consumers' mortgage
25 lenders or servicers;
 - 26 iv. Misrepresenting the progress of loan modification applications;
 - 27 v. Falsely representing that refunds would be issued if the offered Mortgage
28 Assistance Relief Services did not succeed;

- vi. Encouraging consumers to stop paying their monthly mortgage payments and/or communicating with their lenders or services; and
 - vii. Forming a business or organizational entity or operating as a “doing business as” organization as a method of evading consumers’ complaints.
- f. Engaging in advertising, marketing, or promoting its services and products in a false, materially misleading, or deceptive manner in the State of California under Business and Professions Code Sections 17200 and/or 17500;
- g. Engaging in unfair and unlawful methods of competition and unfair or deceptive acts or practices undertaken in connection with loan modification services including, but not limited to:
- i. Falsely representing that refunds would be issued if the offered Mortgage Assistance Relief Services did not succeed;
 - ii. Including illegal and unconscionable provisions in their contracts with consumers for Mortgage Assistance Relief Services that purport to limit Defendants’ liability;
 - iii. Including illegal and unconscionable provisions in their contracts with consumers for Mortgage Assistance Relief Services that purport to require arbitration of disputes arising under those contracts;
 - iv. Falsely claiming to be affiliated with official government-sponsored mortgage relief programs, include the Making Home Affordable program;
 - v. Promising Plaintiffs that their lenders would approve specific loan modification terms when Defendants were in no position to make such promises; and
 - vi. Falsely claiming to have negotiated or secured loan modifications for Plaintiffs when neither had occurred.
- h. Engaging in the operation of any business, practice, or sale of goods without the appropriate license; and

- 1 i. Engaging in any business or commercial activity without a legally registered and
2 incorporated entity.

3 2. For the purpose of this prayer for relief, the term “Mortgage Assistance Relief
4 Services” shall mean any service, plan, or program offered or provided to the consumer in exchange
5 for consideration, that is represented, expressly or by implication, to assist or attempt to assist the
6 consumer with any of the following:

- 7 a. Stopping, preventing, or postponing any mortgage or deed of trust foreclosure sale
8 for the consumer’s dwelling, any repossession of the consumer’s dwelling, or
9 otherwise saving the consumer’s dwelling from foreclosure or repossession;
10 b. Negotiating, obtaining, or arranging a modification of any term of a dwelling loan,
11 including a reduction in the amount of interest, principal balance, monthly payments
12 or fees;
13 c. Obtaining any forbearance or modification in the timing of payments from any
14 dwelling loan holder or services on any dwelling loan;
15 d. Negotiating, obtaining, or arranging any extension of the period of time within which
16 a consumer may:
17 i. Cure his or her default on a dwelling loan;
18 ii. Reinstate his or her dwelling loan;
19 iii. Redeem a dwelling; or
20 iv. Exercise any right to reinstate a dwelling loan or redeem a dwelling;
21 e. Obtaining any waiver of an acceleration clause or balloon payment contained in any
22 promissory note or contract secured by any dwelling; or
23 f. Negotiating, obtaining, or arranging:
24 i. A short sale of a dwelling;
25 ii. A deed-in-lieu of foreclosure; or
26 iii. Any other disposition of a dwelling other than a sale to a third party who is
27 not the dwelling loan holder.
28

1 3. An Order directing Defendants to return all documents to Plaintiffs and, at the
2 conclusion of this litigation, to remove from Defendants' files all of Plaintiffs' personal and
3 financial information;

4 4. An Order declaring that the corporate veils of all Entity Defendants and all related,
5 affiliated, or incorporated entities are pierced and that all Defendants are liable for the conduct and
6 debts of the other Defendants;

7 5. An Order declaring that the corporate veils of all Entity Defendants and all related,
8 affiliated, or incorporated entities are pierced and that the assets of all Defendants are available to
9 satisfy all claims against other Defendants;

10 6. On the First Cause of Action: Restitution in favor of each Plaintiff, individually,
11 according to proof, but in a total amount in excess of \$16,343.20, in an amount to be determined at
12 trial;

13 7. On the Second Cause of Action: Damages in favor of each Plaintiff, individually,
14 according to proof, but in a total amount in excess of \$16,343.20, plus other actual and
15 consequential damages in an amount to be determined at trial;

16 8. On the Third Cause of Action: Damages in favor of each Plaintiff, individually,
17 according to proof, but in a total amount in excess of \$16,343.20, plus exemplary and other actual
18 and consequential damages in an amount to be determined at trial;

19 9. On the Fourth Cause of Action: Damages in favor of each Plaintiff, individually,
20 according to proof, but in a total amount in excess of \$16,343.20, plus exemplary and other actual
21 and consequential damages in an amount to be determined at trial;

22 10. On the Fifth Cause of Action: Damages in favor of each Plaintiff, individually,
23 according to proof, but in a total amount in excess of 16,343.20, plus exemplary and other actual
24 and consequential damages in an amount to be determined at trial;

25 11. On the Sixth Cause of Action: Damages in favor of each Plaintiff, individually,
26 according to proof, but in a total amount in excess of \$16,343.20, plus exemplary and other actual
27 and consequential damages in an amount to be determined at trial;

1 12. On the Seventh Cause of Action: Damages in favor of each Plaintiff, individually,
2 according to proof, but in a total amount in excess of \$13,495.20, plus exemplary and other actual
3 and consequential damages in an amount to be determined at trial;

4 13. On the Eighth Cause of Action: Damages in favor of each Plaintiff, individually,
5 according to proof, but in a total amount in excess of \$16,343.20, plus exemplary and other actual
6 and consequential damages in an amount to be determined at trial;

7 14. On the Ninth Cause of Action: Damages in favor of each Plaintiff, individually,
8 according to proof, but in a total amount in excess of \$3,295.00, plus treble, exemplary, and other
9 actual and consequential damages in an amount to be determined at trial;

10 15. On the Tenth Cause of Action: Damages in favor of each Plaintiff, individually,
11 according to proof, but in a total amount in excess of \$2,367.60, plus exemplary and other actual
12 and consequential damages in an amount to be determined at trial;

13 16. The trebling of any statutory fines or other penalties or punitive damages awarded to
14 Plaintiffs Juanita Craig, Michael Craig, and Carol Frost, pursuant to Civil Code Section 3345.

15 17. Interest at the legal rate on all claims for compensatory damages;

16 18. Costs and expenses of this action;

17 19. Attorneys' fees to the full extent permitted by law; and

18 20. Such other and further relief as the Court may deem just and proper.

19 **DEMAND FOR JURY TRIAL**

20 Plaintiffs Marcia Baker, Denise Burns, Juanita Craig, Michael Craig, Julia Cringle, Carol
21 Frost, Dwight Reep, and Roberto Velasquez hereby demand a trial by jury of all issues so triable
22 that are raised herein or that hereinafter may be raised in this action.

23 //

24 //

25 //

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27 //

28 //

1 Dated: May 13, 2013

Respectfully submitted,

2
3
4 By:


Ronald L. Johnston
Eric D. Mason
Ryan O. McMonagle
ARNOLD & PORTER LLP

5
6
7 Linda Mullenbach
Meredith Horton
8 LAWYERS' COMMITTEE FOR CIVIL
RIGHTS UNDER LAW

9
10 Attorneys for Plaintiffs
MARCIA BAKER, DENISE BURNS,
11 JUANITA CRAIG, MICHAEL CRAIG,
JULIA CRINGLE, CAROL FROST,
12 DWIGHT REEP, and ROBERTO
VELASQUEZ

1 **AFFIDAVIT OF RONALD L. JOHNSTON IN SUPPORT OF COMPLAINT FOR**
2 **DECEPTIVE BUSINESS PRACTICES (CAL. CIV. CODE § 1780(D))**

3 Ronald L. Johnston, being first duly sworn, states:

4 1. I am an attorney licensed to practice law in California and am a partner with the firm
5 of Arnold & Porter LLP, co-counsel of record in conjunction with the Lawyers' Committee for
6 Civil Rights Under Law for plaintiffs Marcia Baker, Denise Burns, Juanita Craig, Michael Craig,
7 Julia Cringle, Carol Frost, Dwight Reep, and Roberto Velasquez (collectively, "Plaintiffs") in the
8 above-captioned case. I make this affidavit based upon my personal knowledge of the matters
9 stated herein, except where otherwise indicated (thereupon testifying from information and belief).
10 If called as a witness, I could and would testify competently to the facts stated herein.

11 2. This court is the proper one for commencement and trial of this action because one
12 or more of the named defendants resides, has his or her principal place of business, or is doing
13 business in Los Angeles County. On information and belief, Defendant Platinum Law Group, Inc.
14 is a California corporation with its principal place of business in Beverly Hills, California;
15 Defendant Priority Realty Group, Inc. is a suspended California corporation with its principal place
16 of business in Beverly Hills, California; Defendant Priority Financial Group's principal place of
17 business is in Beverly Hills, California; Defendant LaBrea Group LLC's principal place of business
18 is in Los Angeles, California; Defendant Baldwin Property Partners LLC's principal place of
19 business is in Los Angeles, California; Defendants HLM Consulting, Inc., Platinum Law Group,
20 Inc., Priority Realty Group, Inc., Priority Mortgage Group, Inc., and Priority Financial Group do or
21 have done business out of the following address in Los Angeles County: 9595 Wilshire Blvd., Suite
22 900, Los Angeles, CA 90212; and Defendants Priority Realty Group, Inc., Priority Mortgage Group,

23 //

24 //

25 //

26 //

27 //

1 Inc., and Priority Financial Group do or have done business of the following address in Los
2 Angeles County: 457 West Allen Avenue, Suite 114, San Dimas, CA 91773.

3
4 FURTHER, AFFIANT SAITH NOT.

5 
6 Ronald L. Johnston

7 STATE OF CALIFORNIA

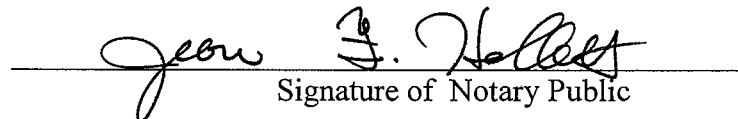
8 COUNTY OF LOS ANGELES

9 Subscribed and sworn to (or affirmed) before me on this

10 13 th day of MAY, 2013, by

11 RONALD L. JOHNSTON,
12 Name of Signer

13 proved to me on the basis of satisfactory evidence
14 to be the person who appeared before me.

15 
16 Signature of Notary Public

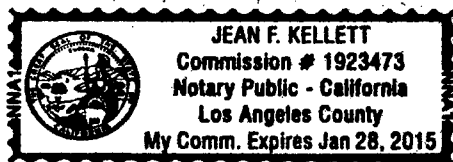


EXHIBIT A

ORIGINAL

(Do not write above this line.)

State Bar Court of California Hearing Department Los Angeles DISBARMENT			PUBLIC MATTER
Counsel For The State Bar Adriana M. Burger Deputy Trial counsel 1149 S. Hill Street Los Angeles, CA 90015-2299 (213) 765-1229 Bar # 92534	Case Number(s): 12-O-10807 12-O-11305 12-O-11486 12-O-11642 12-O-11807 12-O-12092 12-O-12613 12-O-12626 12-O-12664 12-O-12955 12-O-12957	For Court use only <div style="text-align: center;"> FILED DEC 18 2012 STATE BAR COURT CLERK'S OFFICE LOS ANGELES </div>	
In Pro Per Respondent Jerry Alonzo Stevenson 7710 Hazard Center Drive, E540 San Diego, CA 92108 (855) 683-1214 Bar # 262798	Submitted to: Settlement Judge STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND ORDER APPROVING; ORDER OF INVOLUNTARY INACTIVE ENROLLMENT DISBARMENT <input type="checkbox"/> PREVIOUS STIPULATION REJECTED		
In the Matter of: Jerry Alonzo Stevenson Bar # 262798 A Member of the State Bar of California (Respondent)			

Note: All information required by this form and any additional information which cannot be provided in the space provided, must be set forth in an attachment to this stipulation under specific headings, e.g., "Facts," "Dismissals," "Conclusions of Law," "Supporting Authority," etc.

A. Parties' Acknowledgments:

- (1) Respondent is a member of the State Bar of California, admitted April 30, 2009.
- (2) The parties agree to be bound by the factual stipulations contained herein even if conclusions of law or disposition are rejected or changed by the Supreme Court.
- (3) All investigations or proceedings listed by case number in the caption of this stipulation are resolved by this stipulation and are deemed consolidated. Dismissed charge(s)/count(s) are listed under "Dismissals." The stipulation consists of (15) pages, not including the order.

(Effective January 1, 2011)



(Do not write above this line.)

- (4) A statement of acts or omissions acknowledged by respondent as cause or causes for discipline is included under "Facts."
- (5) Conclusions of law, drawn from and specifically referring to the facts are also included under "Conclusions of Law."
- (6) The parties must include supporting authority for the recommended level of discipline under the heading "Supporting Authority."
- (7) No more than 30 days prior to the filing of this stipulation, respondent has been advised in writing of any pending investigation/proceeding not resolved by this stipulation, except for criminal investigations.
- (8) Payment of Disciplinary Costs—Respondent acknowledges the provisions of Bus. & Prof. Code §§6086.10 & 6140.7. (Check one option only):
 - ☒ Costs to be awarded to the State Bar.
 - ☐ Costs are waived in part as set forth in a separate attachment entitled "Partial Waiver of Costs".
 - ☐ Costs are entirely waived.
- (9) ORDER OF INACTIVE ENROLLMENT:
The parties are aware that if this stipulation is approved, the judge will issue an order of inactive enrollment under Business and Professions Code section 6007, subdivision (c)(4), and Rules of Procedure of the State Bar, rule 5.111(D)(1).

B. Aggravating Circumstances [for definition, see Standards for Attorney Sanctions for Professional Misconduct, standard 1.2(b)]. Facts supporting aggravating circumstances are required.

- (1) ☒ **Prior record of discipline**
 - (a) ☒ State Bar Court case # of prior case 11-O-14670 et. al.
 - (b) ☒ Date prior discipline effective July 3, 2012
 - (c) ☒ Rules of Professional Conduct/ State Bar Act violations: Please see attachment page 12. Rules of Professional Conduct: 3-110(A) Failure to Perform (3-counts), 1-400(D) Misleading solicitation mailing regarding legal services (5-counts) , 3-700(D)(2) Failing to promptly return unearned fees (4-counts) and Business and Professions Code Sections: 6106.3 Collecting a fee for loan modification services prior to completing services. (3-counts)
 - (d) ☒ Degree of prior discipline Six months actual suspension, two years stayed and three years probation.
 - (e) ☐ If respondent has two or more incidents of prior discipline, use space provided below:
- (2) ☐ **Dishonesty:** Respondent's misconduct was surrounded by or followed by bad faith, dishonesty, concealment, overreaching or other violations of the State Bar Act or Rules of Professional Conduct.
- (3) ☐ **Trust Violation:** Trust funds or property were involved and respondent refused or was unable to account to the client or person who was the object of the misconduct for improper conduct toward said funds or property.

- (4) ☒ **Harm:** Respondent's misconduct harmed significantly a client, the public or the administration of justice. PLEASE SEE ATTACHMENT, PAGE 12.
- (5) ☒ **Indifference:** Respondent demonstrated indifference toward rectification of or atonement for the consequences of his or her misconduct. PLEASE SEE ATTACHMENT, PAGE 12.
- (6) ☐ **Lack of Cooperation:** Respondent displayed a lack of candor and cooperation to victims of his/her misconduct or to the State Bar during disciplinary investigation or proceedings.
- (7) ☒ **Multiple/Pattern of Misconduct:** Respondent's current misconduct evidences multiple acts of wrongdoing or demonstrates a pattern of misconduct. PLEASE SEE ATTACHMENT, PAGE 12
- (8) ☐ **No aggravating circumstances** are involved.

Additional aggravating circumstances:

C. Mitigating Circumstances [see standard 1.2(e)]. Facts supporting mitigating circumstances are required.

- (1) ☐ **No Prior Discipline:** Respondent has no prior record of discipline over many years of practice coupled with present misconduct which is not deemed serious.
- (2) ☐ **No Harm:** Respondent did not harm the client or person who was the object of the misconduct.
- (3) ☐ **Candor/Cooperation:** Respondent displayed spontaneous candor and cooperation with the victims of his/her misconduct and to the State Bar during disciplinary investigation and proceedings.
- (4) ☐ **Remorse:** Respondent promptly took objective steps spontaneously demonstrating remorse and recognition of the wrongdoing, which steps were designed to timely atone for any consequences of his/her misconduct.
- (5) ☐ **Restitution:** Respondent paid \$ on in restitution to without the threat or force of disciplinary, civil or criminal proceedings.
- (6) ☐ **Delay:** These disciplinary proceedings were excessively delayed. The delay is not attributable to respondent and the delay prejudiced him/her.
- (7) ☐ **Good Faith:** Respondent acted in good faith.
- (8) ☐ **Emotional/Physical Difficulties:** At the time of the stipulated act or acts of professional misconduct respondent suffered extreme emotional difficulties or physical disabilities which expert testimony would establish was directly responsible for the misconduct. The difficulties or disabilities were not the product of any illegal conduct by the member, such as illegal drug or substance abuse, and respondent no longer suffers from such difficulties or disabilities.
- (9) ☐ **Severe Financial Stress:** At the time of the misconduct, respondent suffered from severe financial stress which resulted from circumstances not reasonably foreseeable or which were beyond his/her control and which were directly responsible for the misconduct.
- (10) ☐ **Family Problems:** At the time of the misconduct, respondent suffered extreme difficulties in his/her personal life which were other than emotional or physical in nature.

(Do not write above this line.)

- (11) ☒ **Good Character:** Respondent's good character is attested to by a wide range of references in the legal and general communities who are aware of the full extent of his/her misconduct. PLEASE SEE ATTACHMENT, PAGE 12.
- (12) ☐ **Rehabilitation:** Considerable time has passed since the acts of professional misconduct occurred followed by convincing proof of subsequent rehabilitation.
- (13) ☐ **No mitigating circumstances** are involved.

Additional mitigating circumstances:

PLEASE SEE ATTACHMENT, PAGE 12.

D. Discipline: **Disbarment.**

E. Additional Requirements:

- (1) **Rule 9.20, California Rules of Court:** Respondent must comply with the requirements of rule 9.20, California Rules of Court, and perform the acts specified in subdivisions (a) and (c) of that rule within 30 and 40 calendar days, respectively, after the effective date of the Supreme Court's Order in this matter.
- (2) ☒ **Restitution:** Respondent must make restitution to PLEASE SEE ATTACHMENT PAGE 14 in the amount of \$ PLEASE SEE ATTACHMENT plus 10 percent interest per year from PLEASE SEE ATTACHMENT. If the Client Security Fund has reimbursed PLEASE SEE ATTACHMENT for all or any portion of the principal amount, respondent must pay restitution to CSF of the amount paid plus applicable interest and costs in accordance with Business and Professions Code section 6140.5. Respondent must pay the above restitution and furnish satisfactory proof of payment to the State Bar's Office of Probation in Los Angeles no later than PLEASE SEE ATTACHMENT days from the effective date of the Supreme Court order in this case.
- (3) ☐ **Other:**

ATTACHMENT TO
STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION

IN THE MATTER OF: Jerry Alonzo Stevenson

CASE NUMBERS:	12-O-10807 (Pizano)	12-O-11305 (Seivers)
	12-O-11486 (Johnson)	12-O-11642 (Jimenez)
	12-O-11807 (Barragan)	12-O-12092 (Alvarez)
	12-O-12613 (Shapiro)	12-O-12626 (Lowrie)
	12-O-12664 (Gutierrez)	12-O-12955 (Mendez)
	12-O-12957 (Provenzano)	

FACTS AND CONCLUSIONS OF LAW:

Respondent admits that the following facts are true and that he is culpable of violations of the specified statutes and/or Rules of Professional Conduct.

CASE NUMBERS: 12-O-10807 (Pizano)
12-O-11305 (Seivers)
12-O-11486 (Johnson)
12-O-11642 (Jimenez)
12-O-11807 (Barragan)
12-O-12092 (Alvarez)
12-O-12626(Lowrie)
12-O-12664 (Gutierrez)
12-O-12955 (Mendez)
12-O-12957 (Provenzano)

FACTS:

1. Beginning in 2010 to the present Respondent practiced law and conducted business under the following names: Platinum Law Center, Platinum Law Group, Principal Law Group and La Brea Group ("law firms") with offices in San Diego, Beverly Hills, San Dimas, Montebello and San Francisco, California.
2. Between March 25, 2011 and September 27, 2011, Respondent's law firms were employed by each of the below described individuals ("clients") to attempt to negotiate a plan with each clients' lenders(s) or creditor(s) that would enable each client to settle and restructure the clients' current or past home mortgage payments ("loan modification").
3. All of the clients originally learned about Respondent's loan modification services from unsolicited direct mail letters sent to their homes by Respondent. The letters contained personal information regarding the client and their lender or bank. The letters stated that the letters were important messages and or information from the lenders, that the lenders wanted to personally work out options, that the lenders were approved lenders authorized to offer options and that Respondent had reviewed the clients' property information and determined that the clients were

likely eligible to modify their loans. The letters appeared to be generated with the authorization of the clients' lender or bank. The Respondent delivered, or caused to be delivered, a communication seeking professional employment for pecuniary gain, which was transmitted by mail or equivalent means, which did not bear the word "advertisement", "newsletter", or the words of similar import. All of the clients were directed to contact Respondent by telephone.

4. All of the clients were told by Respondent's representatives that their loan modifications would be administered and personally handled by Respondent and that Respondent guaranteed that Respondent would successfully complete their loan modifications.
5. All of the clients contacted Respondent's office by telephone and engaged Respondent through Respondent's non-attorney representative.
6. On July 8, 2011, Erika Pizano ("Pizano") employed Respondent to negotiate a home loan modification. On the same date, Pizano paid advanced attorney fees to Respondent in the amount of \$1,500. On that date, Respondent had not completed all the contracted-for home loan modification services.
7. On June 22, 2011, Mai Steivers ("Steivers") employed Respondent to negotiate a home loan modification. On the same date, Steivers paid advanced attorney fees to Respondent in the amount of \$2,500. On that date, Respondent had not completed all the contracted-for home loan modification services.
8. On August 10, 2011, Octavio Jimenez ("Jimenez") employed Respondent to negotiate a home loan modification. On the same date, Jimenez paid advanced attorney fees to Respondent in the amount of \$2,000. On that date, Respondent had not completed all the contracted-for home loan modification services.
9. On March 25, 2011, Monica Johnson ("Johnson") employed Respondent to negotiate a home loan modification. On the same date, Johnson paid advanced attorney fees to Respondent in the amount of \$3,368. On that date, Respondent had not completed all the contracted-for home loan modification services.
10. On September 27, 2011, Oralía Barragan ("Barragan") employed Respondent to negotiate a home loan modification. On the same date, Barragan paid advanced attorney fees to Respondent in the amount of \$2,250. On that date, Respondent had not completed all the contracted-for home loan modification services.
11. On July 1, 2011, Maria Alvarez ("Alvarez") employed Respondent to negotiate a home loan modification. On the same date, Alvarez paid advanced attorney fees to Respondent in the amount of \$2,250. On that date, Respondent had not completed all the contracted-for home loan modification services.
12. On June 22, 2011, Lydia Guitierrez ("Guitierrez") employed Respondent to negotiate a home loan modification. On the same date, Guitierrez paid advanced attorney fees to Respondent in the amount of \$2,250. On that date, Respondent had not completed all the contracted-for home loan modification services.

13. On March 22, 2011, Timothy Lowrie ("Lowrie") employed Respondent to negotiate a home loan modification. On the same date, Lowrie paid advanced attorney fees to Respondent in the amount of \$ 1,795. On that date, Respondent had not completed all the contracted-for home loan modification services.
14. On November 29, 2010, Victor Mendez ("Mendez") employed Respondent to negotiate a home loan modification. On the same date, Lowrie paid advanced attorney fees to Respondent in the amount of \$ 2,200. On that date, Respondent had not completed all the contracted-for home loan modification services.
15. On January 31, 2011, Ana Provenzano ("Provenzano") employed Respondent to negotiate a home loan modification. On the same, date Provenzano paid advanced attorney fees to Respondent in the amount of \$ 1,980. On that date, Respondent had not completed all the contracted-for home loan modification services.
16. All of the clients' fees were processed, collected and deposited into a business bank account entitled "La Brea Group" which was owned by Respondent and operated by non-attorney David Gomez.
17. At all times, Respondent engaged in a business partnership with his non-attorney office manager David Gomez and shared legal fees. Respondent delegated to Gomez operations of Respondent's law firms which included, but was not limited to, signing Respondent's name on legal documents with a signature stamp bearing Respondent's printed signature; accepting and promising legal services to clients in their legal cases; providing legal advice; supervising non-attorney staff who were also giving legal advice; and, depositing client fees into joint accounts owned by Gomez and Respondent for the purpose of sharing legal fees from the law practices.
18. All of the clients were told by Respondent's non-attorney representatives, at Respondent's direction, that they could expect their mortgage modifications to be completed promptly and that there would be no adverse or foreclosure action by their lenders.
19. Respondent employed numerous non-attorneys to staff call-in centers located in his law firms offices. The non-attorney staff accepted new clients, provided legal advice to the clients, and completed paperwork to obtain payments for services. In all of the client matters, Respondent did not properly supervise any of his non-attorney staff. Respondent was never regularly present at any of his law firms offices. Respondent was only occasionally present in any of his law firms offices. There were times when Respondent's non-attorney staff needed the advice or assistance of Respondent to properly handle the client files, but Respondent was not present to assist the staff. Respondent failed to properly supervise his staff.
20. In all of the client matters Respondent failed to obtain loan modifications as agreed in the employment agreement between the clients and Respondent. Respondent failed to perform any services of value for the clients.
21. In all of the client matters, clients made numerous attempts to contact Respondent to discuss their cases with Respondent and obtain status reports of the progress of their matters. Respondent's staff misadvised or falsely told the clients that their loan modifications were in the process of being approved, when in fact they were not.

22. Respondent failed to communicate or contact any of these clients regarding reasonable status inquiries of the clients regarding their matters.
23. All of the clients contacted Respondent's office and attempted to obtain a refund of their advanced fees or assurances that the contracted services would be completed. In each of the client matters, Respondent failed to refund any of the advanced fees or perform the contracted services.
24. Despite knowledge of the numerous complaints described above from all the clients, and despite his execution of a stipulation on February 28, 2012 regarding essentially identical misconduct as described herein, to date Respondent has continued all the described activities and associations with Gomez; failed to terminate his relationship with Gomez; and failed to supervise Gomez's activities.

CONCLUSIONS OF LAW:

25. By mailing the solicitations to each of the ten clients Respondent delivered, or caused to be delivered, a communication seeking professional employment for pecuniary gain, which was presented or arranged in a manner or format which tended to confuse, deceive or mislead the public, and contained untrue statements in willful violation of Rules of Professional Conduct, rule 1-400(D).
26. By agreeing to perform a mortgage loan modification for each of the ten clients and receiving advanced fees prior to performing the loan modification services under the fee agreement, Respondent negotiated, arranged or otherwise offered to perform a mortgage loan modification for a fee paid by the borrower, and demanded, charged, collected or received such fee prior to fully performing each and every service Respondent had contracted to perform or represented that he would perform in willful violation of Business and Professions Code, section 6106.3.
27. By failing to refund promptly any part of the advanced fees paid to Respondent by each of the ten clients, despite repeated requests by the clients and having not earned that fee and despite his agreement to return the fee if no loan modification was obtained, Respondent willfully violated Rules of Professional Conduct, rule 3-700(D)(2).
28. By failing to properly supervise, direct his non-attorney staff, and obtain loan modifications or perform other legal services of value in the representation of each of the ten clients Respondent intentionally, recklessly, or repeatedly failed to perform legal services with competence in willful violation of Rules of Professional Conduct, rule 3-110(A).
29. By agreeing and paying a non-attorney a specified portion of the fees generated from clients' advanced fees in all ten matters, Respondent shared legal fees obtained from Respondent's clients with a person who is not a lawyer and willfully violated Rules of Professional Conduct, rule 1-320.
30. By forming an agreement with a non-attorney to perform duties and manage responsibilities reserved only for attorneys in all ten matters, Respondent formed a partnership with Gomez and willfully violated Rules of Professional Conduct, rule 1-310.

31. By failing to respond to clients' inquiries about the status of their cases and by failing to inform Respondent's clients of significant developments in their cases, in all ten matters, Respondent repeatedly failed to adequately communicate with clients in willful violation of Business and Professions Code, section 6068(m).
32. By making false promises to the clients in all ten matters that Respondent would personally review the clients' financial situation; perform all the legal services; stop the foreclosures, negotiate loan modifications with the lenders; and, make false representations to the clients regarding the status of the clients' matters, Respondent made statements to the clients that were untrue and intended to mislead and thereby willfully violated Business and Professions Code, section 6106.

Case No. 12-O-12613 (Shapiro)

FACTS

33. On August 30, 2011, Susan Shapiro ("Shapiro") employed Respondent to negotiate a plan with her credit card lender for debt reduction services to settle and restructure her credit card debts. Shapiro advanced attorney fees to Respondent in the amount of \$3,760.
34. Shapiro learned about Respondent's loan modification services or debt reduction services from unsolicited direct mail letters sent to her home by Respondent. Shapiro originally contacted Respondent to engage Respondent to complete a loan modification.
35. Shapiro contacted Respondent's office by telephone and engaged Respondent through Respondent's non-attorney representative.
36. Shapiro was advised by Respondent's non-attorney representatives that she should first attempt to restructure her credit card debt and reduce her debt. She was advised that her matter would be administered and personally handled by Respondent and that Respondent guaranteed that Respondent would successfully complete her credit card debt reduction and restructure her debts.
37. Shapiro paid Respondent's representatives an advanced fee and her fees were processed, collected and deposited into a business bank account entitled La Brea Group which was owned by Respondent and operated by non-attorney David Gomez.
38. Respondent failed to provide any services for Shapiro regarding her credit card lender for debt reduction services to settle and restructure her credit card debts as agreed in the employment agreement between the Shapiro and Respondent. Respondent failed to perform any services of value for Shapiro, and did not earn any portion of the \$3,760 in advanced fees Shapiro paid him.
39. Shapiro made numerous attempts to contact Respondent to discuss her case with Respondent and obtain status reports of the progress of her matter. Respondent's staff misadvised and falsely told her that her debt reduction was in the process of being approved. Shapiro contacted her creditors and learned that Respondent had not contacted any of the creditors.

40. Respondent failed to communicate or contact Shapiro regarding reasonable status inquiries of her matter.
41. Upon discovering that Respondent's staff misrepresented the status of her case, Shapiro contacted Respondent's office and attempted to obtain a refund of her advanced fees. Respondent failed to refund any of the advanced fees or perform the contracted services.

CONCLUSIONS OF LAW:

42. By mailing the solicitation to the client which contained language that was misleading, confusing and deceptive, Respondent delivered, or caused to be delivered, a communication seeking professional employment for pecuniary gain, which was presented or arranged in a matter or format which tended to confuse, deceive or mislead the public, and contained untrue statements, in willful violation of Rules of Professional Conduct, rule 1-400(D).
43. By failing to refund promptly any part of the advanced fees paid to Respondent by the client, despite repeated requests by the client, Respondent willfully violated Rules of Professional Conduct, rule 3-700(D)(2).
44. By failing to properly supervise and direct his non-attorney staff, and by failing to perform any legal services of value in the representation of the client, Respondent intentionally, recklessly, or repeatedly failed to perform legal services with competence in willful violation of Rules of Professional Conduct, rule 3-110(A).
45. By permitting a non-attorney to keep a portion of the attorney fee from the client, Respondent shared legal fees with a person who is not a lawyer and willfully violated Rules of Professional Conduct, rule 1-320.
46. By failing to respond to the client's inquiries about the status of the client's debt restructuring and debt reduction case and by failing to give the client notice of non-performance in the client matter, a significant development in her matter, Respondent repeatedly failed to adequately communicate with his client in willful violation of Business and Professions Code, section 6068(m).
47. By making false promises to Shapiro that Respondent would personally review her financial situation; perform all the legal services; negotiate with her lender; and, make false representations to her regarding the status of her matter, Respondent made statements to the client that were untrue and intended to mislead and thereby willfully violated Business and Professions Code, section 6106.

ADDITIONAL FACTS REGARDING AGGRAVATING CIRCUMSTANCES.

Prior Record of Discipline: Respondent has one prior record of discipline in Case Numbers 11-O-14670, et.al consisting of five matters in total. Each of these prior disciplined matters consist of facts, circumstances and allegations virtually identical to the matters in this stipulation and consisting of violations of: Rules of Professional Conduct: 3-110(A) Failure to Perform (3-counts), 1-400(D) Misleading solicitation mailing regarding legal services (5-counts), 3-700(D)(2) Failing to promptly

return unearned fees (4-counts) and Business and Professions Code Sections: 6106.3 collecting a fee for loan modification services prior to completing those services. (3-counts) Std. 1.2(b)(i).

Harm: Respondent's clients were seriously harmed by the Respondent's misconduct. All the clients hired Respondent to assist them with their loan modifications and were already in financial distress. The clients received no appreciable or useable services and were deprived of the use of desperately needed funds. The client matters were significantly delayed resulting in actual harm to each client. Std. 1.2(b)(iv).

Multiple Acts and Pattern of Misconduct: Respondent committed virtually identical and serious misconduct in the eleven (11) client matters over a one (1) year period of time and has prior discipline for virtually the identical misconduct in case nos. 11-O-14670 *et.al*. Respondent designed and managed his law practice to process each client matter in a virtually identical manner and repeated deliberate misrepresentations to each client. The repeated facts in each matter establish multiple instances of serious misconduct. Each matter from the inception to the conclusion has virtually the same facts and circumstances. *In the Matter of Berg* (Review Dept. 1997) 3 Cal. State Bar Ct. Rptr. 725, 737 the court found that where there was multiple fraudulent billings covering a continuous period of ten (10) months it would constitute a pattern of misconduct. *In Arm v. State Bar* (1990) 50 Cal3d 763, 780 the court stated that a pattern of misconduct can also be established by including virtually identical misconduct in a prior discipline matter.

ADDITIONAL FACTS REGARDING MITIGATING CIRCUMSTANCES.

Good Character: Respondent's good character is attested to by individuals in the legal and general public who are aware of the Respondent's misconduct related to these matters. Respondent has been recognized with several service awards by the San Diego Bar Association, United States Marine Corps, and United States Navy and Marine Corps Achievement Medals for years of services in the legal assistance program and consumer aid and has served numerous *pro bono* clients in his career. Std. 1.2(e)(vi).

Cooperation: Respondent cooperated with the State Bar by entering into a stipulation with the State Bar before the filing of disciplinary charges. Respondent entered into this stipulation with the goal of resolving all these matters and relieving the State Bar and the State Bar Court of otherwise unnecessary proceedings. [*In the Matter of Stamper* (Review Dept. 1990) 1 Cal. State Bar Ct. Rptr. 96 and *In the Matter of Riordan* (Review Dept. 2007) 5 Cal. State Bar Ct. Rptr. 41, 50]

DISCUSSION OF DISCIPLINE.

The Standards for Attorney Sanctions for Professional Misconduct provide a "process of fixing discipline" pursuant to a set of written principles to "better discharge the purposes of attorney discipline as announced by the Supreme Court." (Rules Proc. of State Bar, tit. IV, Stds. for Atty. Sanctions for Prof. Misconduct, Introduction (all further references to standards are to this source).) The primary purposes of disciplinary proceedings and of the sanctions imposed are "the protection of the public, the courts and the legal profession; the maintenance of high professional standards by attorneys and the preservation of public confidence in the legal profession." (*In re Morse* (1995) 11 Cal.4th 184, 205; std 1.3.)

Although not binding, the standards are entitled to "great weight" and should be followed "whenever possible" in determining level of discipline. (*In re Silverton* (2005) 36 Cal.4th 81, 92, quoting *In re Brown* (1995) 12 Cal.4th 205, 220 and *In re Young* (1989) 49 Cal.3d 257, 267, fn. 11.) Adherence to the standards in the great majority of cases serves the valuable purpose of eliminating disparity and assuring consistency, that is, the imposition of similar attorney discipline for instances of similar attorney misconduct. (*In re Naney* (1990) 51 Cal.3d 186, 190.) Any discipline recommendation different from that set forth in the applicable standards should clearly explain the reasons for the deviation. (*Blair v. State Bar* (1989) 49 Cal.3d 762, 776, fn. 5.)

Standard 1.6 (a) requires that where a Respondent acknowledges two or more acts of misconduct, and different sanctions are prescribed by the standards that apply to those acts, the sanction imposed shall be the more or most severe prescribed in the applicable standards.

Standard 2.4(a) provides that "Culpability of a member of a pattern of willfully failing to perform services demonstrating the member's abandonment of the causes in which he or she was retained shall result in disbarment." Respondent repeatedly and willfully failed to communicate with and perform services demonstrating Respondent's abandonment of the causes in which he was retained in these matters and requiring application of Standard. 2.4 (a). Respondent's current misconduct and his actions in the prior discipline cases reveal an escalating pattern of wrongdoing. Respondent's misconduct indicates that he lacks insight into his harmful wrongdoing and has had countless opportunities to conform his behavior to the ethical demands of the profession. Respondent's repeated and prior misconduct "sadly indicates either his unwillingness or inability to do so." (*Arden v. State Bar* (1987) 43 Cal.3d 713, 728 [disbarment for prior records of discipline]; *In the Matter of Rose* (Review Dept. 1997) 3 Cal. State Bar Ct. Rptr. 646 [disbarment where prior discipline coupled with probation did not rehabilitate attorney].)

Respondent committed virtually identical and serious misconduct in the eleven (11) client matters over a one (1) year period of time and has prior discipline for virtually the identical misconduct in case nos. 11-O-14670 *et.al*. Respondent designed and managed his law practice to process each client matter in a virtually identical manner and repeated deliberate misrepresentations to each client. The repeated facts in each matter establish multiple instances of serious misconduct. The numerous cases demonstrate intent to repeatedly and willfully not communicate with the clients and perform the services. As in *Arden* Respondent's willful failure to perform and communicate in the above matters demonstrate a pattern under subsection (a) which constitute the elements for disbarment.

The parties submit that disbarment is the appropriate level of discipline and will succeed in meeting the purpose of Standard 1.3 of protecting the public, the courts and the legal profession.

PENDING PROCEEDINGS.

The disclosure date referred to, on page 2, paragraph A(7), was October 24, 2012.

RESTITUTION.

Respondent must pay restitution including the principal amount, plus interest at ten percent (10%) to the persons listed below. If the Client Security Fund ("CSF") has reimbursed one or more of the persons listed below for all or any portion of the amount listed below, Respondent must also pay restitution to CSF the amount paid plus applicable interest and costs in accordance with Business and Professions

Code section 6140.5. Respondent must pay the restitution and furnish satisfactory proof of payment to the State Bar Office of Probation in Los Angeles no later than one (1) year from the effective date of the Supreme Court order in this case.

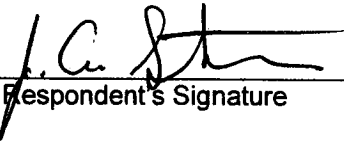

1. Respondent must pay Erika Pizano the principal amount of \$1,500 with interest accruing from July 8, 2011.
2. Respondent must pay Mai Steivers the principal amount of \$2,500 with interest accruing from June 22, 2011.
3. Respondent must pay Octavio Jimenez the principal amount of \$2,000 with interest accruing from August 10, 2011.
4. Respondent must pay Monica Johnson the principal amount of \$3,368 with interest accruing from March 25, 2011.
5. Respondent must pay Oralia Barragan the principal amount of \$2,250 with interest accruing from September 27, 2011.
6. Respondent must pay Maria Alvarez the principal amount of \$2,250 with interest accruing from July 1, 2011.
7. Respondent must pay Lydia Guitierrez the principal amount of \$2,500 with interest accruing from June 22, 2011.
8. Respondent must pay Susan Shapiro the principal amount of \$3,760 with interest accruing from August 30, 2011.
9. Respondent must pay Timothy Lowrie the principal amount of \$1,795 with interest accruing from March 22, 2011.
10. Respondent must pay Victor Mendez the principal amount of \$2,200 with interest accruing from November 29, 2010.
11. Respondent must pay Ana Provenzano the principal amount of \$1,980 with interest accruing from January 31, 2011.

(Do not write above this line.)

In the Matter of: Jerry Alonzo Stevenson	Case number(s): 12-O-10807 (Pizano), 12-O-11305 (Seivers) 12-O-11486 (Johnson), 12-O-11642 (Jimenez) 12-O-11807 (Barragan), 12-O-12092 (Alvarez) 12-O-12613 (Shapiro), 12-O-12626 (Lowrie) 12-O-12664 (Gutierrez), 12-O-12955 (Mendez) 12-O-12957 (Provenzano)
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SIGNATURE OF THE PARTIES

By their signatures below, the parties and their counsel, as applicable, signify their agreement with each of the recitations and each of the terms and conditions of this Stipulation Re Facts, Conclusions of Law, and Disposition.

<u>11-19-12</u> Date	<u></u> Respondent's Signature	<u>Jerry Alonzo Stevenson</u> Print Name
<u>11/19/12</u> Date	<u></u> Deputy Trial Counsel's Signature	<u>Adriana M. Burger</u> Print Name

(Do not write above this line.)

In the Matter of: Jerry Alonzo Stevenson	Case Number(s): 12-O-10807 (Pizano), 12-O-11305 (Seivers) 12-O-11486 (Johnson), 12-O-11642 (Jimenez) 12-O-11807 (Barragan), 12-O-12092 (Alvarez) 12-O-12613 (Shapiro), 12-O-12626 (Lowrie) 12-O-12664 (Gutierrez), 12-O-12955 (Mendez) 12-O-12957 (Provenzano)
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DISBARMENT ORDER

Finding the stipulation to be fair to the parties and that it adequately protects the public, IT IS ORDERED that the requested dismissal of counts/charges, if any, is GRANTED without prejudice, and:

- ☐ The stipulated facts and disposition are APPROVED and the DISCIPLINE RECOMMENDED to the Supreme Court.
- ☒ The stipulated facts and disposition are APPROVED AS MODIFIED as set forth below, and the DISCIPLINE IS RECOMMENDED to the Supreme Court.
- ☐ All Hearing dates are vacated.

1. On page 14, the restitution amount in paragraph 7 for Lydia Guitierrez is changed to \$2,250.00.

The parties are bound by the stipulation as approved unless: 1) a motion to withdraw or modify the stipulation, filed within 15 days after service of this order, is granted; or 2) this court modifies or further modifies the approved stipulation. (See rule 5.58(E) & (F), Rules of Procedure.) **The effective date of this disposition is the effective date of the Supreme Court order herein, normally 30 days after file date. (See rule 9.18(a), California Rules of Court.)**

Respondent is ordered transferred to involuntary inactive status pursuant to Business and Professions Code section 6007, subdivision (c)(4). Respondent's inactive enrollment will be effective three (3) calendar days after this order is served by mail and will terminate upon the effective date of the Supreme Court's order imposing discipline herein, or as provided for by rule 5.111(D)(2) of the Rules of Procedure of the State Bar of California, or as otherwise ordered by the Supreme Court pursuant to its plenary jurisdiction.

Date

12-18-12

Judge of the State Bar Court

RICHARD A. HONN

CERTIFICATE OF SERVICE

[Rules Proc. of State Bar; Rule 5.27(B); Code Civ. Proc., § 1013a(4)]

I am a Case Administrator of the State Bar Court of California. I am over the age of eighteen and not a party to the within proceeding. Pursuant to standard court practice, in the City and County of Los Angeles, on December 18, 2012, I deposited a true copy of the following document(s):

STIPULATION RE FACTS, CONCLUSIONS OF LAW AND DISPOSITION AND
ORDER APPROVING; ORDER OF INVOLUNTARY INACTIVE ENROLLMENT

in a sealed envelope for collection and mailing on that date as follows:

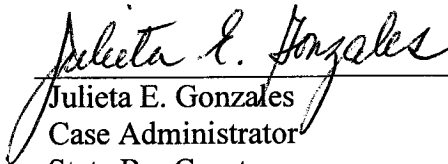
- ☒ by first-class mail, with postage thereon fully prepaid, through the United States Postal Service at Los Angeles, California, addressed as follows:

JERRY A STEVENSON ESQ
7710 HAZARD CENTER DR
STE E540
SAN DIEGO, CA 92108

- ☒ by interoffice mail through a facility regularly maintained by the State Bar of California addressed as follows:

Adriana M. Burger, Enforcement, Los Angeles

I hereby certify that the foregoing is true and correct. Executed in Los Angeles, California, on December 18, 2012.



Julieta E. Gonzales
Case Administrator
State Bar Court